CUSTODIAN AND ALLIED INSURANCE LIMITED
Lagos, Nigeria

ANNUAL REPORTS
AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

CUSTODIAN AND ALLIED INSURANCE LIMITED
REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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CUSTODIAN AND ALLIED INSURANCE LIMITED
CORPORATE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

DIRECTORS:	Mr. Johnnie Wilcox	(Chairman)
	Mr. Edeki Isujeh	(Managing Director)
	Mr. Oluwole Oshin	
	Chief (Mrs.) Margaret Giwa	(Independent Director)
	Mr. Richard Asabia	
	Mr. Ravi Sharma	
	Mr. Ademola Ajuwon	
SECRETARY:	Custodian Trustees Limited Custodian House 16A Commercial Avenue Sabo, Yaba Lagos, Nigeria Tel: (+234) 01-2707206-7, 2793740, 2793401, 0700-CUSTODIAN, (+234)1 2774000-9 Fax: (+234) 1 2707203 P.O. Box 2101, Lagos Email: enquiries@custodianinsurance.com Website: www.custodianplc.com.ng	
RC No.	RC685235	
FRC No.	FRC/2012/0000000000316	
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BANKERS:	First Bank of Nigeria Limited Stanbic IBTC Plc Zenith Bank Plc Access Bank Plc Guaranty Trust Bank Limited Standard Chartered Bank Nigeria Limited	
AUDITORS:	Deloitte & Touche Civic Towers Plot GA 1Ozumba Mbadiwe Avenue Lagos	

CUSTODIAN AND ALLIED INSURANCE LIMITED
CORPORATE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021

REINSURERS:	Munich Reinsurance Company Limited African Reinsurance Company Continental Reinsurance Plc Swiss Reinsurance Company Limited
REPORTING ACTUARY:	Ernst and Young 13 & 10 Floors UBA House 57 marina Lagos, Nigeria FRC No: FRC/2013/00000000578
BRANCH OFFICES:	Abuja Plot 273, UACN Commercial Complex, Central Business District Garki, Abuja, Tel.: 09-7817420
	Kano 15 Bank Road, Kano, Kano State Tel.: 064-895969
	Port Harcourt 180, Aba Road, Port Harcourt, Rivers State Tel.: 07085000046
	Akure 2nd & 3rd Floors BOI House, Alagbaka, Akure Tel.: 08034202962, 07086600484
	Benin 34, Akpakpava Road, by Igbesamwan Junction Benin City, Edo State Tel.: 05-2292480
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	Kaduna 3, Kanta Road P.O. Box 9301, Kaduna Kaduna State Tel.: 06-2293346

CUSTODIAN AND ALLIED INSURANCE LIMITED

SUMMARY OF RESULTS AND BALANCES

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020	Variance Increase/ (Decrease)	Growth
	₦'000	₦'000	₦'000	%
Statement of Profit or Loss and Other Comprehensive Income items				
Gross premium written	34,437,522	31,587,929	2,849,593	9%
Gross premium income	33,755,180	32,083,331	1,671,849	5%
Net premium income	10,426,320	9,214,365	1,211,955	13%
Underwriting profit	4,420,855	4,065,999	354,856	9%
Interest, investment and other income	2,534,615	2,238,851	295,764	13%
Management expenses	4,011,947	3,025,780	986,167	33%
Profit before income tax expense	5,022,684	4,255,453	767,231	18%
Profit for the year	4,442,005	3,677,086	764,919	21%
Statement of Financial Position Items				
Total assets	45,954,162	37,819,223	8,134,939	22%
Insurance contract liabilities	13,160,983	11,814,478	1,346,505	11%
Statutory contingency reserve	10,000,000	9,394,735	605,265	6%
Total equity	22,431,921	20,534,906	1,897,015	9%

CUSTODIAN AND ALLIED INSURANCE LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED 31 DECEMBER 2021

This analysis of Custodian and Allied Insurance Limited's performance as at 31 December 2021 should be read in conjunction with the financial statements as at 31 December 2021.

Business Profile

Custodian and Allied Insurance Limited is a Nigerian company whose vision is to be Africa's insurer of choice, with a mission to develop, package and deliver innovative insurance products that best satisfy customer needs whilst operating a highly profitable, efficient, resourceful and ethical organization that will survive well into the future and be a valuable asset to its shareholders.

Custodian and Allied Insurance Limited ("the Company") is engaged in property-casualty insurance. The products and services are essentially market-driven with emphasis on providing options on policies, paying due regard to production processes employed in various industries. Consequently, our product ranges have been developed to meet and address the needs of our clients, buoyed by the Company's commitment to delivering exemplary service to its clients and outperforming its peers.

Objectives and Strategies

The Company remains committed to continuous improvement of its structures, systems and processes in order to keep ahead of the challenges of new growth, improving business prospects, transparency, and governance.

The Company's strategy and performance to date are very strong indicators of the Company's vision, mission and long-term growth objectives.

Highlights of operating performance and financial position

	2021 ₦'000	2020 ₦'000	Change %
Gross premium written	34,437,522	31,587,929	9%
Gross premium income	33,755,180	32,083,331	5%
Net premium income	10,426,320	9,214,365	13%
Underwriting profit	4,420,855	4,065,999	9%
Interest, investment and other income	2,534,615	2,238,851	13%
Management expenses	4,011,947	3,025,780	33%
Profit before income tax expense	5,022,684	4,255,453	18%
Profit for the year	4,442,005	3,677,086	21%
Earnings per share (kobo):			
Basic/diluted	32	45	(29%)
Cash and cash equivalents	8,808,248	3,506,745	151%
Total assets	45,954,162	37,819,223	22%
Insurance contract liabilities	13,160,983	11,814,478	11%
Total equity	22,431,921	20,534,906	9%

Underwriting Performance

Gross premium written increased by 9% above prior year while net premium revenue increased by 5%.

During the year, the Company paid out a total of ₦5.646b (Note 12.2) claims across all general insurance business classes, this is at par compared to prior year claims paid. Underwriting profit is ₦4.421b compared to ₦4.066b in 2020, representing an increase of 9%.

Interest, Investment and other income

Interest, investment and other income for the year was ₦2.534b up from ₦2.239b in 2020 representing a 13% increase.

Management expenses

Management expenses for the year was ₦4.011b from ₦3.026b in 2020 representing an increase of 33%.

Profitability

The Company's profit before income tax expense was ₦5.023b compared to ₦4.255b in 2020, an increase of 18%, the Company's profit for the year was ₦4.442b compared to ₦3.677b in 2020, an increase of 21% with basic earnings per share (EPS) decreasing to 32kobo from 45kobo.

Liquidity and financial position

The Company's cash and cash equivalents increased by 151% from ₦3.507b in 2020 to ₦8.808b as at 31 December 2021; while Insurance contract liabilities were ₦13.161b, 11% increase from ₦11.814b in 2021. Total assets now stand at ₦45.954b representing a 22% increase from ₦37.819b in 2020, while total equity/shareholders' funds increased by 9% to ₦22.432b when compared to ₦20.535b recorded in 2020.

Future Outlook

Our multi-channel and multiproduct approach, employing digital sales, fulfilment, and premium collection, has continued to deliver on the opportunities created by the current volatile, uncertain, complex, and ambiguous environment. We believe we are well-positioned both to weather the disruption caused by the Covid-19 pandemic, the End SARS Protests and general insecurity in the country, and to support our customers and communities for many years to come. We are confident that we will not only continue to demonstrate our agility and resilience through this period, but that we will emerge from it stronger, more digitally enabled and even better able to serve our customers.

We remain focused on our strategic priorities, including to enable our investors to fully benefit from the opportunity presented by our business. We continue to invest and innovate to meet important needs for consumers, we operate a highly resilient business model, and we are dedicated to our purpose of helping people get the most out of life.

The National Insurance Commission (NAICOM) launched its 2021 -2023 strategic plan which is designed to entrench effective and efficient service delivery, ensure safe, sound, and stable insurance sector, adequately protect policyholders and public interest, improve trust and confidence in the insurance sector and encourage innovation and promote insurance market development. Custodian and Allied Insurance Limited is poised to take its leadership position in the non-life segment of the insurance sector in line with our vision to be Africa's Insurer of choice.

CUSTODIAN AND ALLIED INSURANCE LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounts

The Directors submit their report on the affairs of Custodian and Allied Insurance Limited ("the Company") together with the Company's audited financial statements for the year ended 31 December 2021.

2 Commencement of business

The Company commenced business in 2007.

3 Legal form

The Company was incorporated on 16 March, 2007 as a private limited liability company called "Crusader General Insurance Limited". The Company's name was changed to Custodian and Allied Insurance Limited in March 2013 following the successful scheme of merger between Crusader Nigeria Plc and Custodian Investment Plc (formerly Custodian and Allied Plc).

The Company is a wholly owned subsidiary of Custodian Investment Plc (formerly Custodian and Allied Plc).

4 Principal activities and business review

The principal activities of the Company during the year were the provision and marketing of general and special risk services and products.

5 Directors and their shareholdings

The Directors of the Company and their interest in the share capital of the Company as at the year ended under review were:

	2021	**2020**
Mr. Johnnie Wilcox	Nil	Nil
Mr. Edeki Isujeh	Nil	Nil
Mr. Olatoye Odunsi*	Nil	Nil
Mr. Oluwole Oshin	Nil	Nil
Chief (Mrs.) Margaret Giwa	Nil	Nil
Mr. Richard Asabia	Nil	Nil
Mr. Ravi Sharma	Nil	Nil
Mr. Ademola Ajuwon	Nil	Nil

*Retired on 31 December 2020

The Company is a fully owned subsidiary of Custodian Investment Plc.

6 Directors' interest in contracts

None of the Directors has notified the Company, for the purpose of Section 303 of the Companies and Allied Matters Act, 2020, of any declarable interest in contracts in which the Company was involved as at 31 December 2021.

7 Major shareholders

According to the Register of Members, the following Shareholder holds more than 5% of the issued ordinary share capital of the Company as at 31 December 2021:

Name	**Units ('000)**	**%**
Custodian Investment Plc	13,998,600	99.99

CUSTODIAN AND ALLIED INSURANCE LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Record of Directors' attendance

In accordance with Section 284(2) of the Companies and Allied Matters Act, 2020 the record of the Directors' attendance at Directors' Meetings during 2021 is available for inspection at the Annual General Meeting.

9 Analysis of shareholdings

The range of shareholdings as at 31 December 2021 is as follows:

Range	Number of Holders	Holders %	Holders cumulative	Units '000	Units %	Units cumulative '000
1,000,000	1	50%	1	1,400	0.01	1,400
1,000,001 and above	1	50%	2	13,998,600	99.99	14,000,000

10 Results

	2021 ₦'000	2020 ₦'000
Gross premium written	34,437,522	31,587,929
Gross premium income	33,755,180	32,083,331
Profit before income tax expense	5,022,684	4,255,453
Income tax expense	(580,679)	(578,367)
Profit for the year	4,442,005	3,677,086
Transfer to statutory contingency reserve	(605,265)	(947,638)
	3,836,740	2,729,448
Retained earnings brought forward	3,793,640	6,642,715
Issue of bonus shares	-	(3,500,000)
Transfer of fair value reserve of equity instruments designated at FVOCI	-	21,477
	7,630,380	**5,893,640**
Final dividend	(1,260,000)	(1,050,000)
Interim dividend	(1,400,000)	(1,050,000)
Retained earnings as at 31 December	**4,970,380**	**3,793,640**

11 Directors' responsibilities

The Directors are responsible for the preparation of the financial statements that present fairly, in all material respects, the state of financial affairs of the Company at the end of each financial year, and of the profit or loss and other comprehensive income for that year, in line with the International Financial Reporting Standards (IFRS) and comply with the Companies and Allied Matters Act, the provision of Insurance Act 2003, the relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No. 6, 2011. In so doing, the Directors ensure that:

- Proper accounting records are maintained
- Adequate internal control procedures are established which, as far as is reasonably
- Applicable accounting standards are followed
- Suitable accounting policies are adopted and consistently applied
- Judgments and estimates made are reasonable and prudent, and
- The going-concern basis is used, unless it is inappropriate to presume that the Company shall continue in business.

12 Corporate governance

The Company maintains corporate policies and standards designed to encourage good and transparent corporate governance, avoid potential conflicts of interest and promote ethical business practices. The business of the Company is conducted with integrity which pays due regard to the legitimate interests of all our stakeholders.

13 Personnel

(a) Employment of disabled persons

No disabled person was employed by the Company during the period under review. It is however the Company's policy to consider disabled persons for employment if academically and mentally qualified.

Average number of persons including Directors employed by the Company during the year was:

	2021 Number	**2020 Number**
Management	11	11
Staff	109	111

(b) Health, Safety and Welfare

The Company provides subsidies to all employees for medical care and treatment. Employees are made aware of the safety regulations in force within the premises.

(c) Employee involvement and training

The Company is committed to keeping its employees fully informed as far as possible regarding the Company's performance and progress, and seeking their views, wherever practicable on matters which particularly affect them as employees. Professional, technical and management expertise are the Company's major assets. Therefore, continuous development thereof is keenly pursued by the Company in the form of regular training for employees.

14 Auditors

Deloitte and Touche has indicated their willingness to continue in office as auditors in accordance with Section 401(2) of the Companies and Allied Matters Act, 2020 and Section 6(2) of the National Insurance Commission(NAICOM)'s 2021 Corporate Governance Guidelines for Insurance and Reinsurance Companies in Nigeria.

BY ORDER OF THE BOARD

CUSTODIAN TRUSTEES LTD.

Adeyinka Jafojo
FRC/2013/NBA/00000002403
For: Custodian Trustees Limited

LAGOS, NIGERIA

COMPANY SECRETARY

10 February 2022

CUSTODIAN AND ALLIED INSURANCE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

The Companies and Allied Matters Act, 2020, requires the Directors to prepare financial statements for each financial year that presents fairly, in all material respects, the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include ensuring that the Company:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, 2020;

b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Directors accept responsibility for the preparation and fair presentation of the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board(IASB), the provisions of the Companies and Allied Matters Act, 2020, the Insurance Act 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act No. 6, 2011.

The Directors are of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the Company and of its profit and other comprehensive income. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Mr. Richard Asabia	**Edeki Isujeh**
Director	**Managing Director**
FRC/2013/CISN/00000004762	FRC/2020/003/00000022391

10 February 2022

CUSTODIAN AND ALLIED INSURANCE LIMITED

CERTIFICATION PURSUANT TO SECTION 405 OF THE COMPANIES AND ALLIED MATTERS ACT, 2020

FOR THE YEAR ENDED 31 DECEMBER 2021

We the undersigned hereby certify to the following, with regards to the audited financial statements for the year ended 31 December 2021, that:

We have reviewed the audited financial statements and based on our knowledge:

i. the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and

ii. the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the periods covered by the audited financial statements ;

We:

i. are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company is made known to us by other officers of the Company, particularly during the period in which the audited financial statement report is being prepared,

ii. have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of the audited financial statements, and

iii. certify that the Company's internal controls are effective as of that date ;

We have disclosed the following to the Company's auditors and Board audit committee:

i. all significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, summarise and report financial data, and has identified for the Company's auditors any material weaknesses in internal controls, and

ii. whether or not, there is any fraud that involves management or other employees who have a significant role in the Company's internal control ; and

We have identified in our report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Edeki Isujeh
FRC/2020/003/00000022391
Managing Director

Friday Nwachukwu
FRC/2013/ICAN/00000002207
Chief Financial Officer

10 February 2022

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Custodian and Allied Insurance Limited

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of **Custodian and Allied Insurance Limited** set out on pages **53 to 142** which comprise the statements of financial position as at 31 December 2021, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of financial position of **Custodian and Allied Insurance Limited** as at 31 December 2021, and its financial performance and statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act (CAMA), the Insurance Act CAP I17 LFN 2004, circulars and guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Financial Statements in Nigeria.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter
Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current year. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

MAKING AN IMPACT THAT MATTERS since 1845

Key Audit Matter	How the matter was addressed in the audit
Valuation of Insurance Contract Liabilities	
Under IFRS 4, the Company is required to perform adequacy test on its insurance contract liabilities to ensure the carrying value of the liabilities is adequate. As disclosed in note 12 to the financial statements, the insurance contract liabilities for the Company amounted to N13.161 billion [2020: N11.814 billion]. This represents about 55% of the of the Company's total liabilities as at 31 December, 2021. Determination of the fair value of the contracts is an area that involves exercise of significant judgement and use of key inputs and assumptions. Some of these include operating assumptions in relation to uncertain future outcomes like mortality, morbidity, lapse and surrender, etc., and also economic assumptions relating to interest rates, inflation rates, expenses, return on investments, discount rates, future growth rates etc. These are the key inputs used to estimate these long-term liabilities The Company has an in-house actuary who assesses, on periodic basis, an estimate of the insurance contract liabilities for the various portfolio managed by the company. At the end of each financial year, management employ the services of an external and independent actuary in the determination of its insurance contract liabilities after considering the accuracy and integrity of data used in the valuation. Necessary adjustments are made in the financial statements to reflect the liabilities determined by the actuary.	Our procedures included the following among others: • We reviewed the methodology and processes adopted by management for making reserves in the books of the company. • We tested entity's control around reserving process and maintenance of data for valuation of insurance contract liabilities. • We considered the validity of management's liability adequacy testing which is a key test performed to check that the liabilities are adequate in the context of expected experience. Our work on the liability adequacy test includes assessing the reasonableness of the projected cash flows and challenging the assumptions adopted in the context of company and industry experience data and specific product features. • We validated the data used in the valuation of the insurance contract liabilities. • We involved Deloitte Actuary in the review of the assumptions and estimates used by management and assessment of the adequacy of the insurance contract liabilities in line with Liability Adequacy Test ("LAT") based on requirement of IFRS 4. • We ensured the appropriateness of the journals posted, footed and agreed the figures disclosed in the financial statements to the figures stated in the actuarial valuation after thorough review of the basis and assumptions. We found that the assumptions used by management were comparable with the market, reasonable, the key input data used in estimating the fair value of the insurance contracts liabilities were reasonable in the circumstances. We consider the disclosure of the liabilities to be adequate, relevant and useful.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Corporate Governance Report, Risk Management Report and the Management Discussion and Analysis, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements
The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act (CAMA), the Financial Reporting Council Act and the Insurance Act CAP I17 LFN 2004, circulars and guidance issued by the National Insurance Commission (NAICOM), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits derivable by the public from such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Fifth Schedule of the Companies and Allied Matters Act (CAMA), and section 28(2) of the Insurance Act 117 LFN 2004, we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Company has kept proper books of account, so far as appears from our examination of those books.

iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

No evidence of non-compliance with laws and regulations (NOCLAR) came to our attention during our audit of the financial statements for the year.

For: Deloitte & Touché
Chartered Accountants
Lagos, Nigeria
11 February 2022

Engagement partner: Joshua Ojo
FRC/2013/ICAN/00000000849

1 Corporate information

Custodian and Allied Insurance Limited ("the Company") commenced operations in 2007. The principal objective of the Company is to render qualitative insurance & risks management services. The company is principally engaged in General Insurance activities. It is a provider of non-life insurance services like auto Insurance, travel Insurance, special risks and other non-life insurance services for both corporate and individual customers.

The Company pays claims arising from insurance contract liabilities and invests policy holders' funds in line with the provisions of Insurance Act, CAP I17, LFN 2004 and NAICOM guidelines.

Custodian and Allied Insurance Limited (RC 685235) was incorporated on 16 March, 2007 as a private limited liability company called "Crusader General Insurance Limited". The Company's name was changed to Custodian and Allied Insurance Limited in March 2013 following the successful scheme of merger between Crusader Nigeria Plc and Custodian Investment Plc (formerly Custodian and Allied Plc).

The Company is a wholly owned subsidiary of Custodian Investment Plc.

Custodian and Allied Insurance Limited is regulated by the National Insurance Commission of Nigeria.

2 Summary of significant accounting policies

2.1 Introduction to summary of accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.2 Basis of presentation and compliance with IFRS

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and IFRS Interpretation Committee (IFRIC) interpretations applicable to companies reporting under IFRS and in the manner required by Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria, the Financial Reporting Council of Nigeria(FRC Act) and Nigerian Insurance Commission(NAICOM) guidelines and circulars. Additional information required by national regulations has been included where appropriate.

The preparation of these financial statements have been based on the historical cost basis except for investment properties and certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

In accordance with IFRS 4 Insurance Contracts, the Company has applied existing accounting policies for Non-life insurance contracts, modified as appropriate to comply with the IFRS framework.

The preparation of financial statements in conformity with IFRS requires the Company's Board of Directors to exercise its judgment in applying the Company's accounting policies. The areas involving a higher degree of judgments or complexity, or areas where assumptions or estimates are significant to the financial statements are as disclosed in Note 3.

The financial statements of Custodian and Allied Insurance Limited have been prepared on a going concern basis. The Directors of the Company have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The principal accounting policies are set out below.

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations
The Company applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In the prior year, the Company adopted the Phase 1 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.
In the current year, the Company adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Company to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

Both the Phase 1 and Phase 2 had no impact on the company's financial statements as it does not have any hedging relationships directly affected by interest rate benchmark reform and there was no changing in the basis for determining the contractual cash flows of any of the financial assets or financial liabilities . The Company intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16
On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

2.3 Changes in accounting policies and disclosures

New and amended standards and interpretations
Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16 - continued

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

2.4 Presentation and functional currency

The financial statements are presented in Nigeria Naira (₦) and are rounded to the nearest thousand (‘000) unless otherwise stated.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The Company is incorporated in Nigeria and has adopted Naira as its functional currency.

2.5 Foreign currencies

Transactions and balances

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary item or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on non-monetary is recognised on profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. These assets are readily convertible into known amounts of cash.

2.7 Financial instruments

Initial recognition and measurement

Financial assets are classified, at initial recognition, as measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

2.7 Financial assets – continued

Initial recognition and measurement – continued

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies on Revenue from non-insurance contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Business model assessment

There are three business models available under IFRS 9:

- Hold to collect Financial assets with objective to collect contractual cash flows.
- Hold to Collect and sell (Financial assets held with the objective of both collecting contractual cash flows and selling financial assets).
- Other Financial Assets held with trading intent or that do not meet the criteria of either "Hold to Collect" or "Hold to Collect and sell.

The Assessment of the business model requires judgment based on the facts and circumstances as at the date of the assessment. Custodian and Allied Insurance Limited has considered quantitative factors (e.g. expected frequency value, volume and timing of sales) and qualitative factors such as how the performance of the business model and financial assets held within the business model are evaluated and reported to management; the risk that affect the performance of the business, model and the financial assets held within the business model. In particular, the way in which those risks are managed; and how management received returns on the assets (i.e. whether the returns are based on fair value of the assets managed or on contractual cash flows collected).

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective:

2.7 Financial assets – continued

Solely Payments of Principal and Interest (SPPI)

If a financial asset is held in either a Hold to Collect or Hold to Collect and Sell model, then an assessment is determined whether contractual cash flows are solely payments of principal and interest on principal amount outstanding at initial recognition is required to determine the classification.

Contractual cash flows that are SPPI on the principal amount outstanding are considered as basic lending arrangement with interest as consideration for the time value of money and the credit risk associated with the principal amount outstanding during the tenor of the agreed arrangement. Other basic lending risks like Liquidity risk and cost of administration associated with holding the financial asset for the specified tenor and the profit margin that is consistent with a basic lending arrangement.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes debt instruments (bonds), loans to staff, fixed deposits with banks and other receivables.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are

recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

During the year under consideration, the Company did not have any debt instruments at fair value through OCI.

2.7 Financial assets – continued

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.7 Financial assets – continued

Derecognition - continued
When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For debt instruments at amortised cost, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the credit rating of the debt instrument by international credit rating agencies like S&P, Moody's and Fitch as well as local ratings by Agusto and Co. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. Where the credit risk of any bond deteriorates, the Company will sell the bond and purchase bonds meeting the required investment grade.

The Company's debt instruments at amortised cost comprise solely of quoted bonds that are graded in the top investment category and the credit ratings are tracked by the finance and investment teams via publications by International Credit Rating Agencies and trading exchange platforms.

The Company's fixed income investment portfolio consists of Investment grade and high speculative bonds and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the International Credit Rating Agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

2.7 Financial assets – continued

Impairment of financial assets- continued

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant estimates Judgements and assumptions - Note 3
- Financial assets at amortised cost - Notes 1.3, 2.3 and 2.4 to the financial statements
- Other receivables and prepayments - Note 6.4

Write off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The Company categorises its receivables for write off when a debtor fails to make contractual payments greater than 360 days past due. Where financial assets have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The gross carrying amount of an asset is written off (either fully or partially) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cashflows to repay the amount subject to write off. However, the financial assets that are subjected to write off could still be subject to enforcement activities in other to comply with the Company's procedures for recovery of amount due.

2.8 Financial liabilities and equity instruments

2.8.1 Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.8.2 Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.8 Financial liabilities and equity instruments – continued

2.8.3 Compound instruments

The component parts of compound instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible notes using the effective interest method. Once the convertible security is not convertible to fixed numbers of ordinary shares, it cannot be considered a compound instrument.

2.8.4 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss (FVTPL)' or 'other financial liabilities'.
The Company does not have any financial liability that is measured at fair value through profit or loss during the period under review.

2.8.4.1 Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.8.4.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are extinguished- i.e. when the obligation specified in the contract is discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

***2.8.4.3* Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.9 Other receivables and prepayments

These principally consists of prepayments, sundry debtors and staff loans (carried at amortised cost). Prepayment is not a financial asset. Thus, it is measured at amount initially paid less amortization to profit or loss.

2.10 Reinsurance contracts

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outwards reinsurance premiums are accounted for in the same period as the related premiums for the direct or inwards reinsurance business being reinsured.

2.10.1 Reinsurance assets

Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses and ceded policy claims. Reinsurance assets are measured consistently with the amounts associated with the underlying insurance contracts and in accordance with the terms of the reinsurance contract. Reinsurance is recorded as an asset unless a right of set-off exists, in which case the associated liabilities are reduced to take account of reinsurance.

Reinsurance assets are subject to impairment testing when and only when;

(a) there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the cedant may not receive all amounts due to it under the terms of the contract; and

(b) that event has a reliably measurable impact on the amounts that the cedant will receive from the reinsurer.

2.10.1 Reinsurance assets - continued

The carrying amount is reduced to its recoverable amount when there is an impairment loss. The impairment loss is recognised as an expense in the profit or loss. The asset is impaired if objective evidence is available to suggest that it is probable that the Company will not be able to collect the amounts due from reinsurers.

Reinsurance liabilities are derecognised when, and only when, it is extinguished—i.e. when the obligation specified in the contract is discharged or cancelled or expires.

2.10.2 Reinsurance recoveries

Reinsurance recoveries in respect of Incurred but not reported (IBNR) claims are assumed to be consistent with the historical recoveries on paid and outstanding claims, adjusted to reflect changes in the nature and extent of the Company's reinsurance programmes. An assessment is made of the recoverability of reinsurance having regard to available data on the financial strength of the reinsurance companies.

Gains or losses on buying reinsurance are recognised in income at the date of purchase and are not amortised.

2.10.3 Reinsurance liabilities

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised as an expense when due.

2.11 Deferred acquisition costs

The incremental costs directly attributable to the acquisition of new business are deferred by recognising an asset. For other insurance contracts, acquisition costs including both incremental acquisition costs and other indirect costs of acquiring and processing new business are deferred (deferred acquisition costs).

Where such business is reinsured the reinsurer's share is carried forward as deferred income.

Deferred acquisition costs and deferred origination costs are amortized systematically over the life of the contracts and tested for impairment at each reporting date. Any amount not recoverable is expensed. They are derecognised when the related contracts are settled or disposed of.

Deferred income - Reinsurance commissions

The Company recognises commissions receivable on outwards reinsurance contracts as a deferred income and amortised over the average term of the expected premiums payable.

2.12 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. Fair values are determined based on an annual evaluation performed by an accredited independent external valuer applying a valuation model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised. The amount of consideration to be included in the gain or loss arising from derecognition of investment property is determined in accordance with the requirements for determining the transaction prices in IFRS 15.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If a property initially classified as property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

2.13 Intangible assets

Software

The amount initially recognised for intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of directly attributable overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Its estimated useful life typically varies between 3 and 5 years. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year–end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

2.13 Intangible assets

Acquired Insurance Liabilities

On acquisition of a portfolio of insurance contracts the difference between the fair value and the carrying value of the insurance liabilities measured under the Company's accounting policies is recognised as an intangible asset. This is amortized on a systematic basis over the estimated life of the acquired contracts which typically varies between 1 and 10 years. The carrying value is assessed at each reporting date and any reductions are recognised in profit or loss for the period in which they arise. The subsequent measurement of this asset is consistent with the measurement of the related insurance liability.

2.14 Property, plant and equipment

Property, plant and equipment are those owned and used by the Company, and are stated in the statement of financial position at cost, less any accumulated depreciation and accumulated impairment loss (if any).

Properties, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for their intended use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation is calculated at the following annual rates:

Asset Description	**Years**
Motor Vehicles	4
Furniture and Fittings	5
Computer and Office Equipment	4
Plant and Machinery	5

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.15 Impairment of intangible assets

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The Company tests an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount

(a) annually, and
(b) whenever there is an indication that the intangible asset may be impaired.

If there is any indication that an asset may be impaired, recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the company's CGUs to which the individual assets are allocated.
Recoverable amount is the higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.16 Impairment of property, plant and equipment and right of use (ROU) asset

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained declines in revenues or earnings and material adverse changes in the economic environment.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets.

2.16 Impairment of property, plant and equipment- continued

A Cash Generating Unit (CGU) is the smallest identifiable unit of asset that generates cash inflows that are largely independent of the cash inflows from other assets or Company of assets. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Fair value less costs of disposal is determined by taking recent market transactions into accounts. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses, if any, are recognised in profit or loss and are only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised. For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

2.17 Leases

Initial recognition and measurement

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The cost of a right-of-use asset at inception of the lease includes an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Company incurs the obligation for those costs at the commencement date or as a consequence of having used the underlying asset during a particular period.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

2.17 Leases – continued

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets (Real Estate 2 to 5 years)

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section(s) Impairment of non-financial assets Property plant and equipment- (Note 2.16).

The Company's lease arrangements are majorly real estate leases which include leases of office spaces. These lease arrangements do not contain an obligation to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to a specified condition.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not clearly stated in the lease contract. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.17 Leases – continued

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

The Company enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. if the head lease is a short-term lease that the entity, as a lessee, has accounted for applying paragraph 6, the sublease shall be classified as an operating lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases. When a contract includes lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

Rent receivables
Rent receivables are recognised at their original invoiced value except where the time value of money is material, in which case rent receivables are recognised at fair value and subsequently measured at amortised cost. Refer to accounting policies on financial assets in this note 2.7.

Tenant deposits
Tenant deposits are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term. Refer also to accounting policies on financial liabilities in note. 2.8.4.

2.18 Statutory deposit

Statutory deposit represents a deposit of 10% of the regulatory minimum share capital (N3bn) for a non-life insurance business kept with the Central Bank of Nigeria. The cash amount held is considered to be a restricted cash balance.

2.19 Insurance contract liabilities

2.19.1 Provision for Outstanding claims and Incurred but not reported (IBNR) claims

Provision for liabilities of insurance contracts is made for outstanding claims and settlement expenses incurred at the reporting date including an estimate for the cost of claims incurred but not reported (IBNR) at that date. Included in the provision is an estimate of the internal and external costs of handling the outstanding claims.

Significant delays are experienced in the notification and settlement of certain types of general insurance claims, particularly in respect of liability business, environmental and pollution exposures, the ultimate cost of which may vary from the original assessment. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made and disclosed separately, if material. The liability for Incurred but not Reported (IBNR) claims is calculated at the end of the reporting period, using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability was discounted for time value of money; and no further provision was made for equalisation or catastrophe reserves (as prohibited by IFRS 4).

These liabilities are derecognised when the obligation to pay a claim is extinguished (i.e. expired, discharged or cancelled).

2.19.2 Provision for unearned premiums and unexpired risks

The provision for unearned premiums represents that part of written premiums, gross of commission payable to intermediaries that is estimated to be earned in subsequent periods. The change in the provision is recorded in the profit or loss to recognise revenue over the period of the risk.

2.19.3 Liability adequacy

At each reporting date the Company performs a liability adequacy test on its insurance liabilities less related deferred acquisition costs and intangible assets to ensure that the carrying value is adequate, using current estimates of future cash flows, taking into account the relevant investment return.

If that assessment shows that the carrying amount of the liabilities is inadequate, any deficiency is recognised as an expense in the profit or loss initially by writing off the intangible assets and subsequently by recognising an additional liability for claims provisions or recognising a provision for unexpired risks.

The unexpired risks provision is assessed in aggregate for business classes which are managed together.

2.20 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest-bearing liability is its discounted repayment amount. If the due date is less than one year, discounting is omitted.

2.21 Other payables

2.21.1 *Other payables and Provisions*

Other payables are initially recognised at fair value, fair value represents transaction price and subsequently measured at amortised cost.

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is more likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.22 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.22.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The current taxes include: Company Income Tax at 30% of taxable profit; Education Tax at 2% of assessable profit; Capital Gain Tax at 10% of chargeable gains; and Information Technology Development Levy at 1% of accounting profit. Minimum tax may be computed based on CITA.

2.22.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is provided and accounted for using liability method. Deferred tax assets are generally recognised for all deductible temporary difference, unutilised tax loss and unutilised tax credits.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.22 Taxation -continued

2.22.2 Deferred tax - continued

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.22.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The Company offsets deferred tax assets and deferred tax liabilities if, and only if:

(a) the entity has a legally enforceable right to set off current tax assets against current tax
(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  (I) the same taxable entity; or
  (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered

2.23 Employee benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

This is done in line with the Pension Reform Act 2014, whereby the minimum rate of Pension Contribution is 18% of monthly emolument, where 8% will be contributed by employee and 10% by the employer.

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are recognised as employee benefit expense and accrued when the associated services are rendered by the employees of the Company.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.24 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

2.25 Statutory contingency reserve

The Company maintains Statutory contingency reserve in accordance with the provision of Section 21(2) of the Insurance Act CAP I17, LFN 2004 to cover fluctuations in securities and variations in statistical estimates at a rate equal to greater of 3% of gross premium or 20% of net profits until the accumulated amount reaches the greater of the minimum paid-up capital or 50% of the net premium.

2.26 Dividends

Interim dividend paid to the shareholders of the Company is recognised in the period in which the interim dividend approved by the Board of Directors or a second interim dividend approved by the Company's shareholders at the Company's annual general meeting is paid.

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders at the Annual General Meeting.

2.27 Revenue recognition

2.27.1 Gross written Premium

Written premiums comprise the premiums on contracts incepted in the financial year. Written premiums are stated gross of commissions that are payable to intermediaries and exclusive of taxes and duties on premiums.

Unearned premiums are those proportions of the premium which relate to periods of risk after the reporting date.

Unearned premiums are calculated on a time apportionment basis.

2.27.2 Fees and commission income

Fees and commission income consist primarily of agency and brokerage commission, reinsurance and profit commissions, policyholder administration fees and other contract fees. Reinsurance commission receivables are deferred in the same way as acquisition costs. All other fees and commission income are recognised as the services are provided.

2.27.3 Investment income

Investment income consists of dividend, interest and rental income on investment properties, realized gains and losses, and unrealized gains and losses on fair value assets.

Interest income

Interest income comprises amount calculated using effective interest method.

The Company calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss as it accrues and is calculated by using the effective interest method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument.

The effective interest rate method

If expectations of fixed rate financial asset's cash flows are revised for reasons other than credit risk, the changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference to the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset in the statement of financial position with a corresponding increase or decrease in interest income.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

When a financial asset becomes credit-impaired and is therefore regarded as 'Stage 3', the Company calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial assets cures (and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

2.27 Revenue recognition - continued

2.27.3 Investment income - continued

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Dividends are received from financial assets measured at fair value through profit or loss (FVPL) and at fair value through other comprehensive income (FVOCI). Dividend income is recognised in profit or even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

Rental income

Rental income is recognised on an accrual basis.

Realized gains and losses

Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and carrying amount and are recorded in profit or loss on occurrence of the sale transaction.

Unrealised gains and losses

Unrealized gains or losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognised unrealised gains and losses in respect of disposals during the year.

2.28 Benefits, claims and expenses recognition

2.28.1 Insurance Benefits and claims

Insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Reinsurance claims

The Company recognises reinsurance claims when the related gross insurance claims are recognised according to the terms of the relevant contracts.

2.28.2 Underwriting expenses

Underwriting expenses refer to all expenses, inclusive of net commissions, that are applicable to the servicing of net premiums written. These expenses encompass all that are incurred by an insurance company.

Underwriting expenses for insurance contracts are recognised as expense when incurred, with the exception of acquisition costs which are recognised on a time apportionment basis in respect of risk.

Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts. Other underwriting expenses are those incurred in servicing existing policies/contract. These expenses are charged in the accounting period in which they are incurred.

2.28.3 Other expenses

All other operating expenses are recognised directly in profit or loss when incurred.

2.29 Fair value measurement

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.
The fair value of an asset or a liability is measured using the assumption that market participant would use when pricing the asset or liability, assuming that market participant's act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest input that is significant to the fair value measurement as a whole:

- Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any adjustment for transaction costs.

For other financial instruments other than investment in equity instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist and other relevant valuation models. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Company's best estimate of the most appropriate model assumptions.

For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market-related rate for a similar instrument. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

3 Critical accounting judgments and key sources of estimation uncertainty - continued

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the Company's accounting policies

The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Going Concern

The financial statements have been prepared on the going concern basis and there is no intention to curtail business operations. Capital adequacy, profitability and liquidity ratios are continuously reviewed and appropriate action taken to ensure that there are no going concern threats to the operation of the Company.

The Directors have made assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the next 12 months ahead.

Insurance product classification and contract liabilities

The Company's non-life insurance contracts are classified as insurance contracts. As permitted by IFRS 4, assets and liabilities of these contracts are accounted for under previously applied GAAP.

Insurance contracts are those contracts when the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

3 Critical accounting judgments and key sources of estimation uncertainty - continued

Determining the lease term of contracts with renewal and termination options – Company as lessee – continued

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Company included the renewal period as part of the lease term for leases of office spaces and plant and machinery with shorter non-cancellable period (i.e., three to five years) where this is expressly stated in the lease contract or enforceable at law per the lease contract. The Company typically exercises its option to renew for these leases because there will be a significant negative effect on its operation if a replacement asset is not readily available. The renewal periods for leases of office spaces are not included as part of the lease term as these are not reasonably certain to be exercised.

Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Property lease classification – Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Estimates are made for both the expected ultimate cost of claims reported and claims incurred but not reported (IBNR) at the reporting date. The estimate of IBNR is generally subject to a greater degree of uncertainty than that for reported claims. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder, Stochastic reserving (Bootstrap) and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development.

3 Critical accounting judgments and key sources of estimation uncertainty – continued

Valuation of liabilities of non-life insurance contracts

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgements, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgement is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

The carrying amount for non-life insurance contract liabilities at the reporting date is ₦13 billion (2020: ₦12 billion).

Fair value of financial instruments using valuation techniques

The Directors use their judgment in selecting an appropriate valuation technique. Where possible, financial instruments are marked at prices quoted in active markets. In the current market environment, such price information is typically not available for all instruments and the company uses valuation techniques to measure such instruments. These techniques use “market observable inputs” where available, derived from similar assets in similar and active markets, from recent transaction prices for comparable items or from other observable market data. For positions where observable reference data are not available for some or all parameters the company estimates the non-market observable inputs used in its valuation models.

Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates although some assumptions are not supported by observable market prices or rates.

The carrying amount of financial assets designated as at the report date is ₦24 billion (31 December 2020: ₦ 22 billion).

3 Critical accounting judgments and key sources of estimation uncertainty – continued

Impairment under IFRS 9

The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost.

The determination of impairment loss and allowance moves from the incurred credit loss model whereby credit losses are recognised when a defined loss event occurs under IAS 39, to expected credit loss model under IFRS 9, where expected credit losses are recognised upon initial recognition of the financial asset based on expectation of potential credit losses at the time of initial recognition.

Staged Approach to the Determination of Expected Credit Losses

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition. These stages are as outlined below:

Stage 1: The Company recognises a credit loss allowance at an amount equal to the 12 month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after the initial recognition.

Stage 2: The Company recognises a credit loss allowance at an amount equal to the lifetime expected credit losses (LTECL) for those financial assets that are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on Lifetime probabilities of default that represents the probability of a default occurring over the remaining lifetime of the financial assets. Allowance for credit losses is higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in stage 1.

Stage 3: The Company recognises a loss allowance at an amount equal to life-time expected credit losses, reflecting a probability of default (PD) of 100% via the recoverable cash flows for the asset. For those financial assets that are credit impaired. The Company's definition of default is aligned with the regulatory definition. The treatment of the loans and other receivables in stage 3 remains substantially the same as the treatment of impaired financial assets under IAS 39 except for the portfolios of assets purchased or originated as credit impaired

The Company does not originate or purchase credit impaired loans or receivables.

The determination of whether a financial asset is credit impaired focuses exclusively on default risk, without taking into consideration the effect of credit risk mitigants such as collateral or guarantees. Specifically, the financial asset is credit impaired and in stage 3 when the Company considers the obligor is unlikely to pay its credit obligations to the company. The termination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that a qualitative indicators of credit impairment; or contractual payments of either principal or interest by the obligor are pass due by more than 90 days.

For financial assets considered to be credit impaired, the ECL allowance covers the amount of loss the Company is expected to suffer. The estimation of ECLs is done on a case by case basis for non-homogenous portfolios, or by applying portfolio based parameters to individual financial assets in this portfolios by the Company's ECL model for homogenous portfolios.

3 Critical accounting judgments and key sources of estimation uncertainty - continued

Impairment under IFRS 9- continued

Forecast of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability – weighted present value of the difference between:

1) The contractual cash flows that are due to the Company under the contract; and
2) The cash flows that the Company expects to receive.

Elements of ECL models that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Assessment and calculation of ECL

The level of estimation uncertainty has increased since 31 December 2019 as a result of the economic disruption and consequential impact of the Covid-19 pandemic. This includes significant judgements relating to:

- The selection and weighting of macro-economic scenarios;
- The effect of government and other support measures put in place to mitigate the negative economic impact;
- The uncertainty over the duration and severity of the effect of the pandemic as well as the timing and duration of the recovery;
- Determination of the impact of the macro-economic scenarios on ECL and whether the required parameters can be modelled given the unavailability of historical information for a similar event;
- Identification and assessment of significant increases in credit risk and impairment especially for counterparties who have received support under the various government and bank support schemes and the inherent limitations in data availability to facilitate a reliable segmentation

Impact on modelled ECL allowance

The Company's models have been constructed and calibrated using historical trends and correlations as well as forward looking economic scenarios. The severity of the current macro-economic projections and the added complexity caused by the various support schemes and regulatory guidance affecting different counterparties in the Company's investment and treasury operations could not be reliably modelled for the time being. As a consequence, the existing models may generate results that are either overly conservative or overly optimistic depending on the specific portfolio/segment. As a result, post-model adjustments are needed. Given model changes take a significant amount of time to develop and test and the data limitation issues noted above, the Company expects that post model adjustments which results from the use of the most recent crises adjusted probability of default as published by Moody's for emerging markets will be applied for the foreseeable future.

3 Critical accounting judgments and key sources of estimation uncertainty - continued

Impairment under IFRS 9- continued

Impact on modelled ECL allowance

Post-model adjustments made in estimating the reported ECL as at 31 December 2021 and 2020 are set out in the following table:

31-Dec-21	cash and cash equivalents ₦'000	Bond exposure ₦'000	other receivables ₦'000
Modelled ECL	116,152	201,423	120,730
Post-model adjustments	54,679	74,229	(24,096)
Total ECL	170,831	275,652	96,634
Adjustments as a % of total ECL	32%	27%	-25%
31-Dec-20			
Modelled ECL	40,411	214,518	110,333
Post-model adjustments	30,317	101,489	(16,349)
Total ECL	70,728	316,007	93,984
Adjustments as a % of total ECL	43%	32%	-17%

Post-model adjustments

Post-model adjustments (both positive and negative) represent adjustments in relation to data and model limitations as a result of the Covid-19 economic disruption as well as Moody's crisis adjusted probabilities of default for emerging markets which reflect the significant uncertainty as a consequence of the Covid-19 pandemic which included the potential severity and duration of the economic disruption and the heightened credit risk of specific sectors, financial asset type and Industrial sector, such as banking, energy, aviation and hospitality. The adjustments are based on a combination of portfolio level credit risk analysis and an evaluation of ECL coverage at asset exposure level.

Additional information and sensitivity analysis in respect of the inputs to the ECL model under multiple economic scenarios is provided in Note 44.4.

Expected lifetime:

The expected life time of a financial asset is a key factor in determining the life time expected credit losses. Lifetime expected credit losses represents default events over the expected life of a financial asset. The company measures expected credit losses considering the risk of default over the maximum contractual period (including any borrower's extension option) over which it is exposed to credit risk.

Re-assessment of useful lives and residual values

The Company carries its property, plant and equipment at cost in the statement of financial position. The annual review of the useful lives and residual value of property, plant and equipment result in the use of significant management judgements.

3 Critical accounting judgments and key sources of estimation uncertainty - continued

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

4 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short- duration which typically applies to certain non-life insurance contracts.

The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cashflows of a Company of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period)
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period.
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in profit or loss, but are recognised directly on the statement of financial position.

4 Standards issued but not yet effective - continued

IFRS 17 Insurance Contracts - continued

- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

At its March 2020 meeting, the IASB tentatively decided to defer the effective date of IFRS 17 by two years, such that entities would apply the amended Standard for annual periods beginning on or after January 1, 2023. The IASB also tentatively decided on a consequential amendment to IFRS 4 Insurance Contracts to defer the fixed expiry date for the temporary exemption from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after January 1, 2023. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The Company has formalized its IFRS 17 implementation road map. It has performed gap analysis, financial and operational impact assessment, and is in the process of deploying the required software solution in readiness for full implementation of IFRS 17. The Company expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Company and is to have a significant impact on profit and total equity together with presentation and disclosure.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- That classification is unaffected by the likelihood that an entity will exercise its deferral right

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements(if any) may require renegotiation.

4 Standards issued but not yet effective - continued

Reference to the Conceptual Framework – Amendments to IFRS 3
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of f IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies , if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a material impact on the Company.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to only items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.
The amendments are not expected to have a material impact on the Company's financial statements.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.
The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The amendments are not expected to have a material impact on the Company.

4 Standards issued but not yet effective - continued

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions.

The amendments must be applied prospectively. Early application is permitted and must be disclosed.

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted. The amendments are not expected to have any impact on the Company.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.

The amendments is intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies. Although the amendments are not expected to have a material impact on Custodian and Allied Insurance Limited's financial statements, they should provide helpful guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Earlier application is permitted.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences with effect from annual periods beginning on or after 1 January, 2023.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability

4 Standards issued but not yet effective - continued

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 - continued

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies

  And
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

In the absence of a definition of the term 'significant' in IFRS, the Board decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them.

Earlier application of the amendments to IAS 1 is permitted as long as this fact is disclosed. Since the amendments to the PS provide non-mandatory guidance on the application of the definition of material to accounting policy information, the Board concluded that transition requirements and an effective date for these amendments were not necessary

The amendments are effective for annual periods beginning on or after 1 January 2023 and may impact the accounting policy disclosures of the Company. Determining whether accounting policies are material or not requires use of judgement. The is the need to carefully consider whether 'standardised information, or information that only duplicates or summarises the requirements of the IFRSs' is material information and, if not, whether it should be removed from the accounting policy disclosures to enhance the usefulness of the financial statements. Therefore, the Company will revisit their accounting policy information disclosures to ensure consistency with the amended standard.

4 Standards issued but not yet effective - continued

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments will not be applicable to the Company.

IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Company

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

CUSTODIAN AND ALLIED INSURANCE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 ₦'000	2020 ₦'000
Assets			
Cash and cash equivalents	1	8,808,248	3,506,745
Financial assets	2	23,947,860	22,073,818
Trade receivables	3	109,967	132,603
Reinsurance assets	4	7,826,349	7,196,988
Deferred acquisition costs	5	673,104	583,433
Other receivables and prepayments	6	297,262	163,990
Investment properties	7	3,676,770	3,637,178
Property, plant and equipment	8	303,954	211,944
Right of use assets	9	7,221	6,250
Intangible assets	10	3,427	6,274
Statutory deposits	11	300,000	300,000
Total assets		**45,954,162**	**37,819,223**
Liabilities			
Insurance contract liabilities	12	13,160,983	11,814,478
Trade payables	13	6,951,553	2,092,099
Other payables and accruals	14	1,493,142	1,653,323
Deferred income	15	325,955	277,348
Current income tax payable	16.2	836,792	878,769
Deferred tax liabilities	17	753,816	568,300
Total liabilities		**23,522,241**	**17,284,317**
Equity			
Share capital	18.2	7,000,000	7,000,000
Share premium	18.2	84,607	84,607
Statutory contingency reserve	19.1	10,000,000	9,394,735
Retained earnings	19.2	4,970,380	3,793,640
Fair value reserve	19.3	376,934	261,924
Total equity attributable to Owners		**22,431,921**	**20,534,906**
Total liabilities and equity		**45,954,162**	**37,819,223**

These financial statements were approved by the Board of Directors and authorized for issue on 10 February 2022 and signed on its behalf by:

Mr. Richard Asabia	**Edeki Isujeh**	**Friday Nwachukwu**
Director	**Managing Director**	**Chief Financial Officer**
FRC/2013/CISN/00000004762	**FRC/2020/003/00000022391**	**FRC/2013/ICAN/00000002207**

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

CUSTODIAN AND ALLIED INSURANCE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	**2021** **₦'000**	**2020** **₦'000**
Gross premium written		34,437,522	31,587,929
(Increase)/Decrease in Unearned Premium Reserve		(682,342)	495,402
Gross premium income	20	33,755,180	32,083,331
Premiums ceded to reinsurers	4.1, 21	(23,328,860)	(22,868,966)
Net premium income		10,426,320	9,214,365
Fees and commission income	22	1,610,329	1,650,205
Net underwriting income		12,036,649	10,864,570
Claims expenses:			
Gross benefits and claims expenses	23.1	(6,309,938)	(6,002,845)
Claims expenses ceded to reinsurers	23.2	1,637,141	1,921,145
Net claims expenses		(4,672,797)	(4,081,700)
Underwriting expenses	24	(2,942,997)	(2,716,871)
Total underwriting expenses		(7,615,794)	(6,798,571)
Underwriting profit		4,420,855	4,065,999
Interest income	25	2,374,677	2,086,390
Other investment and sundry income	26	159,938	152,461
Net realised (loss)/gain	27	(211,808)	534,119
Fair value gain	28.1	31,028	66,203
Foreign exchange gain	28.2	2,287,869	459,884
Impairment loss charge	29	(27,928)	(83,823)
Management expenses	30	(4,011,947)	(3,025,780)
Profit before income tax expense		**5,022,684**	**4,255,453**
Income tax expense	16	(580,679)	(578,367)
Profit for the year		**4,442,005**	**3,677,086**
Other Comprehensive Income:			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Net gain on equity instruments designated at fair value through other comprehensive income	31	115,010	90,885
Other comprehensive profit for the year, net of tax		115,010	90,885
Total comprehensive income for the year, net of tax		**4,557,015**	**3,767,971**
Earnings per share:			
Basic (kobo)	33	32	45
Diluted (kobo)	33	32	45

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

CUSTODIAN AND ALLIED INSURANCE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Attributable to equity holders					
	Issued and paid -up share capital	**Share premium**	**Statutory contingency reserve**	**Retained earnings**	**Fair value reserve**	**Total equity**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
At 1 January 2021	7,000,000	84,607	9,394,735	3,793,640	261,924	20,534,906
Profit for the year	-	-	-	4,442,005	-	4,442,005
Other comprehensive income, net of tax (Note 31)	-	-	-	-	115,010	115,010
Total Comprehensive income	-	-	-	4,442,005	115,010	4,557,015
Issue of shares (Note 18)	-	-		-	-	-
Dividend for last financial result (2020) (Note 34)	-	-	-	(1,260,000)	-	(1,260,000)
Interim dividend (for current year) (Note 34)	-	-	-	(1,400,000)	-	(1,400,000)
Transfer of fair value reserve of equity instruments designated at FVOCI (Note 19.2)	-	-	-	-	-	-
Transfer between reserves (Note 19)			605,265	(605,265)		
At 31 December 2021	**7,000,000**	**84,607**	**10,000,000**	**4,970,380**	**376,934**	**22,431,921**

For the year ended 31 December 2020	**Issued and paid -up share capital**	**Share premium**	**Statutory contingency reserve**	**Retained earnings**	**Fair value reserve**	**Total equity**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
At 1 January 2020	3,500,000	84,607	8,447,097	6,642,715	192,516	18,866,935
Profit for the year	-	-	-	3,677,086	-	3,677,086
Other comprehensive income, net of tax (Note 31)	-	-	-	-	90,885	90,885
Total Comprehensive income	-	-	-	3,677,086	90,885	3,767,971
Issue of shares (Note 17)	3,500,000	-	-	(3,500,000)	-	-
Dividend for last financial result (2019) (Note 34)	-	-	-	(1,050,000)	-	(1,050,000)
Interim dividend (for current year) (Note 34)	-	-	-	(1,050,000)	-	(1,050,000)
Transfer of fair value reserve of equity instruments designated at FVOCI (Note 19.2)				21,477	(21,477)	-
Transfer between reserves (Note 19)	-	-	947,638	(947,638)	-	-
At 31 December 2020	**7,000,000**	**84,607**	**9,394,735**	**3,793,640**	**261,924**	**20,534,906**

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

CUSTODIAN AND ALLIED INSURANCE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 ₦'000	2020 ₦'000
Cash flows from operating activities			
Premiums received from policyholders		33,887,187	30,789,386
Premiums received in respect of future policies	13	4,366,048	572,971
Reinsurance premium paid during the year		(23,867,595)	(21,634,958)
Minimum deposit on premium paid	4.4	(31,384)	(55,408)
Cash payments to and on behalf of employees	30	(843,034)	(733,430)
Other sundry income	26.1	-	1,380
Staff loan disbursed during the year	6.1	(125,600)	(22,650)
Staff loan repayment during the period	6.1	77,993	15,830
Other operating cash paid		(2,768,884)	(1,898,853)
Commissions received	15	1,670,186	1,556,636
Commissions paid		(1,655,254)	(2,244,580)
Maintenance cost paid	24	(358,543)	(270,805)
Claims and benefits paid	12.2	(5,645,775)	(5,650,710)
Claims and benefit received		1,632,858	1,893,511
Cash flows generated from operating activities		6,338,203	2,318,321
Income tax paid	16.2	(437,140)	(445,023)
Net cash provided by operating activities	**36**	**5,901,063**	**1,873,298**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(215,356)	(109,771)
Purchase of intangible software	10	(328)	(706)
Addition to right of use asset	9	(6,354)	(9,000)
Addition to investment properties	7	(21,947)	(1,829)
Proceeds on disposal of property, plant and equipment		11,368	4,028
Interest income received		1,758,712	2,169,173
Rental income received	15	66,500	66,500
Dividend income received	26	77,351	69,720
Proceeds on disposal of investments	2.5	4,127,148	6,776,433
Purchase of investments	2.5	(10,883,865)	(11,093,098)
Proceed from redemption of financial assets measured at amortised costs	2.5	7,359,747	1,593,101
Net cash provided/ (used in) by investing activities		**2,272,976**	**(535,449)**
Cash flows from financing activities			
Dividends paid to shareholders		(2,660,000)	(2,800,000)
Net cash used in financing activities		**(2,660,000)**	**(2,800,000)**
Net increase/(decrease) in cash and cash equivalents		**5,514,039**	**(1,462,151)**
Net foreign exchange difference		(212,536)	451,336
Cash and cash equivalents at 1 January		3,506,745	4,517,560
Cash and cash equivalents at 31 December	**1**	**8,808,248**	**3,506,745**
Cash and cash equivalents as at 31 December (Carrying amount)		8,808,248	2,506,745
Impact of ECL impairment loss during the year		170,831	70,728
Cash and cash equivalents as at 31 December (Gross amount)		**8,979,079**	**2,577,473**

The accompanying summary of significant accounting policies and notes to the financial statements form an integral part of these financial statements.

1 Cash and cash equivalents

		31-Dec-2021	31-Dec-2020
		₦'000	₦'000
Cash and bank balances	(Note 1.1)	1,937,565	875,490
Short-term deposits	(Note 1.2)	7,041,514	2,701,983
		8,979,079	3,577,473
Less: Allowance for credit losses	Note 1.3	(170,831)	(70,728)
Cash and cash equivalents(per statement of cash flows)		**8,808,248**	**3,506,745**

1.1 Cash and banks is made up of the following:

Cash on hand		57	52
Balances held with local banks		539,027	480,876
Balances held in domiciliary accounts		1,398,481	394,562
	(Note 1.3)	1,937,565	875,490
Less: Allowance for credit losses	(Note 1.3)	(34,364)	(15,936)
Total Cash and banks		1,903,201	859,554

Interest income on bank accounts held with banks amounted to ₦0.2m (2020: ₦1.5m). See note 25 to the financial statements.

1.2 Short term deposit is made up of:

Call deposits	(Note 1.3)	4,570	1,039,763
Term deposits	(Note 1.3)	7,036,944	1,662,220
		7,041,514	2,701,983
Less: Allowance for credit losses		(136,467)	(54,792)
		6,905,047	2,647,191

Interest income on calls and term deposits with banks amounted to ₦234.9m (2020: ₦146.3m). See note 25 to the financial statements.

Cash and cash equivalents comprise cash and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts(if any). The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the reporting position as shown above. Short–term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company. All deposits are subject to an average variable interest rate of 6% per annum (2020: 4%).

1.3 Impairment loss on cash and cash equivalents

An analysis of the gross carrying amount and corresponding ECLs is as follows:

	31-Dec-21			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Gross carrying amount	₦'000	₦'000	₦'000	₦'000
Cash on hand	57	-	-	57
Balances held with local banks and domiciliary accounts (Note 1.1)	1,937,508	-	-	1,937,508
Call deposits (Note 1.2)	4,570	-	-	4,570
Term deposits (Note 1.2)	7,036,944	-	-	7,036,944
	8,979,079	**-**	**-**	**8,979,079**
Expected credit losses				
Cash on hand	-	-	-	-
Balances held with local banks and domiciliary accounts (Note 1.1)	34,364	-	-	34,364
Call deposits (Note 1.2)	114	-	-	114
Term deposits (Note 1.2)	136,353	-	-	136,353
	170,831	**-**	**-**	**170,831**

1 Cash and cash equivalents -continued

1.3 Impairment loss on cash and cash equivalents - continued

An analysis of the gross carrying amount and corresponding ECLs is as follows:

		31-Dec-2020		
	Stage 1 Individual	**Stage 2 Individual**	**Stage 3 Individual**	**Total**
Gross carrying amount	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash on hand	52	-	-	52
Balances held with local banks and domiciliary accounts (Note 1.1)	875,438	-	-	875,438
Call deposits (Note 1.2)	1,039,763	-	-	1,039,763
Term deposits (Note 1.2)	1,662,220	-	-	1,662,220
	3,577,473	**-**	**-**	**3,577,473**
Expected credit losses	-	-	-	-
Cash on hand				
Balances held with local banks and	15,936	-	-	15,936
domiciliary accounts (Note 1.1)	19,138	-	-	19,138
Call deposits (Note 1.2)	35,654	-	-	35,654
Term deposits (Note 1.2)	**70,728**	**-**	**-**	**70,728**

1.3a Analysis of impairment allowance on cash and cash equivalents

		31-Dec-2021	**31-Dec-2020**
		₦'000	**₦'000**
At 1 January		70,728	76,895
Writeback during the year	Note 29		(5,394)
Charged for the year	Note 29	100,658	
Foreign exchange adjustments	Note 28.2	(556)	(773)
At 31 December		**170,831**	**70,728**

Foreign exchange adjustments relating to impairment allowance on cash and cash equivalents above are reported in net unrealised loss on foreign bank balances and deposits in Note 28.2.

1.3b An analysis of changes in the gross carrying amount and corresponding ECLs is as follows:

	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross cc amount	ECL
	2021							
Cash and cash equivalents	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
As at 1 January 2021	3,577,473	70,728	-	-	-	-	3,57	
New assets purchased	7,015,948	138,708	-	-	-	-	7,01	
Assets derecognised or matured (excluding write-offs)	(1,642,447)	(32,472)	-	-	-	-	(1,64	
Amounts written off	-	-	-	-	-	-		
Changes to models and inputs used for ECL calculations		(5,578)	-	-	-	-		
Unrealised foreign exchange adjustments	28,105	(556)	-	-	-	-	2	
At 31 December 2021 (Note 1)	8,979,079	170,831	-	-	-	-	8,979,079	170,831

	2020							
	Stage 1		**Stage 2**		**Stage 3**		**Total**	
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
As at 1 January 2020	4,594,392	76,895	-	-	-	-	4,5!	
New assets purchased	1,107,379	35,604	-	-	-	-	1,107,379	35,604
Assets derecognised or matured (excluding write-offs)	(1,553,094)	(49,934)	-	-	-	-	(1,5!	
Amounts written off	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations		8,937	-	-	-	-		
Unrealised foreign exchange adjustments	(571,204)	(773)	-	-	-	-	(571,204)	(773)
At 31 December 2020 (Note 1)	3,577,473	70,728	-	-	-	-	3,577,473	70,728

During the year, there were no transfers between stages (2020: nil). The total Income Statement charge/(writeback) for the allowance for ECL on cash and cash equivalents for the year was N100.6 million (2020: N5.3 million). Related foreign exchange adjustments are reported as part of net unrealised (loss)/gain on foreign exchange in note 28.2.

2 Financial assets

		31-Dec-2021 ₦'000	31-Dec-2020 ₦'000
Below is an analysis of the Company's financial assets			
Equity : Fair Value through profit or loss (FVTPL)	Note 2.1	913,131	799,650
Equity : Fair Value through OCI (FVTOCI)	Note 2.2	885,415	770,405
Debt instruments measured at amortised cost:			
Federal government bonds		10,731,363	7,082,283
State government bonds		708,195	654,437
Corporate bonds		10,720,821	12,758,814
Other debt securities - term deposits		264,587	324,236
Impairment losses on financial assets measured at amortised cost	Note 2.4, 29	(275,652)	(316,007)
Total debt instruments measured at amortised cost	Note 2.3	22,149,314	20,503,763
		23,947,860	**22,073,818**

2.1 Equity : Fair Value through Profit or Loss (FVTPL)

The Company's fair value through profit or loss (FVTPL) financial assets consist of investment in quoted equities of entities whose stock are actively traded on the stock exchange. The investments are held primarily for trading purposes and are fair valued frequently. The Fair values of these equities are determined by reference to published price quotations in an active market. The resulting fair value adjustments are recorded in the profit or loss.

		31-Dec-2021 ₦'000	31-Dec-2020 ₦'000
Listed Equities			
Dangote Cement Plc		32,125	30,613
Dangote Sugar Refinery Plc		8,700	8,800
FBN Holdings Plc		122,550	5,363
Flour Mills Nig. Plc.		17,422	15,977
Guaranty Trust Bank Limited		42,469	52,841
Portland Paints & Products Nigeria Plc		-	4,072
Stanbic Ibtc Holdings Plc		11,028	11,566
Tourist Company of Nigeria Plc.		8,987	9,968
United Bank for Africa Plc		20,125	21,625
Union Homes Savings and Loans Plc.		48	48
Zenith Bank Plc		303,435	299,212
		566,889	**460,085**
Managed Funds			
ARM Aggressive Fund		25,101	23,113
ARM Discovery Fund		10,881	9,801
Coral Growth Fund		77,494	75,981
FBN Heritage Fund		86,990	93,070
Stanbic IBTC Bond Fund		117,785	112,420
Zenith Equity Fund		27,991	25,180
		346,242	**339,565**
Total FVTPL Financial assets	Note 2.5	**913,131**	**799,650**

The reconciliation of movement in financial assets above is contained in Note 2.5.

2.1a Analysis of fair value gains on FVTPL financial assets

Unrealised gain on equities at FVTPL	Note 28	13,383	68,032
Net realised gain on equities at FVTPL	Note 27	728	82,783
		14,111	**150,815**

The Company received dividends of N45.5million on equity holdings reported as fair valued through profit or loss during the year(2020: N30.9million).

2 Financial assets

2.2 Equity : Fair Value through Other Comprehensive Income (FVTOCI)

Equity I instruments designated at fair value through other comprehensive income include investments in equity shares of non listed companies and other OTC traded equities. The Company holds non controlling interest (between 2% and 9%) in these companies. These investments were irrevocably designated at fair value through OCI as the Company considers these investments to be strategic in nature.

The fair values of the non listed equities are determined using either income or market approach (See Note 44.1- Valuation bases) while fair value of OTC listed equities are determined by reference to the published price quotation in the active market. The resulting fair value adjustments of all equities designated at fair value through other comprehensive income(FVTOCI) are recorded in other comprehensive income.

		31-Dec-2021	31-Dec-2020
		₦'000	**₦'000**
ARM Properties Plc.		8,800	11,000
Friesland Wamco Nig. Plc.		5,596	6,143
ARM Hospitality Fund		119,482	108,342
African Reinsurance Corporation		241,473	247,304
Energy and Allied Insurance Pool of Nigeria		285,065	212,233
Mainstreet Technologies Limited		173,171	160,804
WSTC Financial Services Limited		51,828	24,579
Total FVTOCI Financial assets	Note 2.5	**885,415**	**770,405**

The reconciliation of movement in financial assets above is contained in Note 2.5.
The Company received dividends of N31.9million on equity shares designated as FVTOCI during the year(2020: N38.8million).

2 Financial assets

2.3 Debt instruments at amortised cost	Credit Rating	31-Dec-2021 ₦'000	31-Dec-2020 ₦'000
Federal Government Debt Securities			
FGN Naira Bonds			
FGN Bond 14.5% July 2021	B2/Moodys	-	278,260
FGN Bond 12.75% Apr 2023	B2/Moodys	649,718	646,665
FGN Bond 12.5% 22 Jan 2026	B2/Moodys	601,934	602,677
FGN Bond 13.98% 23 Feb 2028	B2/Moodys	2,372,828	2,391,177
FGN Bond 12.15% 18 JUL 2034	B2/Moodys	225,674	-
FGN Bond 12.5% 27 MAR 2035	B2/Moodys	386,861	-
Impairment allowance of FGN NGN Bonds		(4,714)	(4,490)
a		4,232,301	3,914,289
FGN Eurobonds			
NIGERIA 7.625% 21-Nov-2025	B2/Moodys	2,391,454	2,022,222
NGERIA 7.143% 23-Feb-2030	B2/Moodys	1,309,735	1,141,282
NGERIA 8.747% 23-Feb-2031	B2/Moodys	2,793,158	-
Impairment allowance on FGN Euro Bonds		(89,224)	(51,852)
b		6,405,123	3,111,652
c=a+b		10,637,424	7,025,941
State Government Debt Securities			
ONDO 15.50% 14 FEB 2022	A-/ Agusto	3,667	3,980
LAGOS IIA 16.75% 11-AUG-2024	A+/Augusto	-	149,827
ONDO 13% 30-JAN-2027	A-/ Agusto	453,577	500,630
LAGOS IIA 13.00% 20 DEC-2031	A+/Augusto	250,951	-
Impairment on State Bonds		(1,441)	(1,387)
d		706,754	653,050
Corporate Debt Securities			
FCMB I 14.25% 20-NOV-2021	B2/Moodys	-	102,096
PRIMERO BRT-SPV 17.00%15-MAY-2026	Bbb-/Agusto	234,110	266,646
FLOURMILLS IIIB 11.10% 27-FEB-2025	A/Agusto	259,870	259,897
NOVAMBL SPV I 12.00% 23-JUL-2027	Bbb-/Agusto	37,032	37,034
LAPO MFB II 13.00% 30-MAR-2025	Bbb+/ Agusto	311,633	312,495
FBNQ SPV I 10.50% 5-FEB-2023	A/Agusto	41,832	41,830
Impairment on Corporate Bonds		(15,389)	(17,076)
e		869,088	1,002,922
Corporate Eurobonds			
UBA 7.75% 8-JUN-2022		-	3,026,462
FBNL 8.625% 27-OCT-2025	B2/Moodys	1,945,223	692,535
SEPLAT 9.25% 04-JAN-2023	B2/Moodys	2,182,272	3,090,610
ECOTRA 9.5% 18-APRIL-2024	B3/Moodys	2,299,239	3,829,043
ZENITN 7.375% 30-MAY-2022	B2/Moodys	1,253,331	1,100,047
ACCESS 10.50% 19-OCT-2021	B2/Moodys	2,156,279	119
Impairment on Corporate Euro Bonds		(159,451)	(234,604)
f		9,676,893	11,504,212
Other debt securities - term deposits			
FCMB Euro deposit	B2/Moodys	147,837	145,649
Interstate securities commercial papers*	Not rated	10,213	60,420
Meristem Wealth Management deposits	Not rated	103,884	103,800
Accured interest on CBN deposit		2,654	14,367
Impairment on other debt securities		(5,433)	(6,598)
g		259,155	317,638
Total Amortised Cost Financial assets(c+d+e+f+g)		**22,149,314**	**20,503,763**

* The amortised cost less impairment charge amounts to ₦10.8m(2020: ₦105.1m).
The reconciliation of movement in the financial assets above is contained in Note 2.5.

2 Financial assets - continued

2.4 An analysis of changes in the gross carrying amount and corresponding ECLs is as follows:

	2021							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross c amount	ECL
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
As at 1 January 2021	20,819,770	316,007	-	-	-	-	20,8	
New assets purchased	10,779,695	163,617	-	-	-	-	10,7	
Assets derecognised or matured (excluding write-offs)	(11,482,094)	(174,278)	-	-	-	-	(11,4	
Amounts written off	-		-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	(64,719)	-	-	-	-		
Unrealised foreign exchange adjustments	2,307,595	35,025	-	-	-	-	2,3	
At 31 December 2021	22,424,966	275,652	-	-	-	-	22,424,966	275,652

	2020							
	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross c amount	ECL
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
As at 1 January 2020	17,237,777	220,818	-	-	-	-	17,237,777	220,818
New assets purchased	10,931,028	140,028	-	-	-	-	10,931,028	140,028
Assets derecognised or matured (excluding write-offs)	(8,378,472)	(108,171)	-	-	-	-	(8,3	
Amounts written off	-		-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	65,757	-	-	-	-		
Unrealised foreign exchange adjustments	1,029,437	(2,424)	-	-	-	-	1,029,437	(2,424)
At 31 December 2020	20,819,770	316,007	-	-	-	-	20,819,770	316,007

2.5 Analysis of movement in financial assets

	Fair value through OCI	Fair value through profit or loss	Amortised Cost	Total
	₦'000	₦'000	₦'000	₦'000
At 1 January 2020	703,179	674,987	16,796,141	18,174,307
Additions	-	302,099	10,790,999	11,093,098
Maturities and redemptions	-		(1,593,101)	(1,593,101)
Proceeds on disposals	(23,658)	(328,251)	(6,424,524)	(6,776,433)
Realised fair value gains recorded in profit or loss (Note 27)		82,783		82,783
Fair value gains recorded in OCI (Note 31)	90,885	-	-	90,885
Unrealised fair value gains taken to profit or loss (Note 28.1)	-	68,032	-	68,032
Impairment charge during the year (Note 29)	-	-	(97,613)	(97,613)
Foreign exchange adjustments	-	-	1,031,861	1,031,861
At 31 December 2020	**770,405**	**799,650**	**20,503,763**	**22,073,819**
Additions	-	104,170	10,779,695	10,883,865
Maturities and redemptions	-	-	(7,359,747)	(7,359,747)
Proceeds on disposals	-	(4,800)	(4,122,348)	(4,127,148)
Realised fair value gains recorded in profit or loss (Note 27)	-	728	-	728
Unrealised fair value gains recorded in OCI (Note 31)	115,010	-	-	115,010
Unrealised fair value gains taken to profit or loss (Note 28.1)	-	13,383	-	13,383
Impairment writeback during the year (Note 29)	-	-	75,380	75,380
Unrealised foreign exchange adjustments	-	-	2,307,595	2,307,595
Unrealised foreign exchange adjustments on ECL relating to Amortised cost financial assets	-	-	(35,025)	(35,025)
At 31 December 2021	**885,415**	**913,131**	**22,149,314**	**23,947,860**

2 Financial assets - continued

2.6 Maturity profile of debt instruments at amortised cost (gross):

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Within one year	3,210,480	3,582,199
More than one year	18,938,834	16,921,564
	22,149,314	**20,503,763**

The Company's "debt instrument measured at amortised costs" under IFRS 9 consist of investment in bonds and other securities that the Company holds within a business model of collecting the contractual cashflow till maturity. These investments are carried at their amortised cost and interest income is recognised using the effective interest rate.

The financial assets with the exception of those carried at fair value through profit or loss (FVTPL) and fair value through OCI (FVTOCI) are monitored and tested for impairment when applicable. Additional information and breakdown are listed above.

2.7 Investment Income from Financial Assets

Financial Assets	Note	Carrying amount ₦'000	Income type	2021 ₦'000	2020 ₦'000
Equity: Fair value through Profit or loss	Note 2.1	913,131	Dividends	45,451	30,920
Equity: Fair value through Other Comprehenive Income	Note 2.2	885,415	Dividends	31,900	38,800
Total dividend received	Note 26			77,351	69,720
Debt instruments measured at amortised cost:					
Federal government Bond	Note 2.3	10,637,424	Interest	913,045	1,042,991
State government bonds	Note 2.3	706,754	Interest	14,140	76,963
Corporate bonds	Note 2.3	10,545,981	Interest	1,198,714	745,183
Treasury bills		-	Interest	1,983	-
	Note 25			2,127,882	1,865,137
Other debt securities- Term deposits	Note 2.3	259,155	Interest	13,964	35,126
Total interest received/receivables				2,141,846	1,900,263

3 Trade receivables

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Due from brokers	105,034	128,887
Due from insurers	4,933	3,716
	109,967	**132,603**

3.1 Aging analysis of trade receivables:

Within 30 days	109,967	132,603
More than 30 days	-	-
	109,967	**132,603**

All insurance receivables are designated as Trade receivables and their carrying values approximate fair value at the reporting date. A total amount of ₦109.97m (2020: ₦132.60m) was received after year end as at 31 January 2022.

4 Reinsurance assets

		31-Dec-2021	31-Dec-2020
		₦'000	₦'000
Prepaid reinsurance (Note 4.1)		4,914,142	4,272,491
Reinsurance share of outstanding claims (Note 4.2a)		1,368,692	1,388,408
Reinsurance share of claims (Note 4.2b)		1,068,055	1,002,806
	Note 12	7,350,889	6,663,705
Due from reinsurance brokers (Note 4.3)		436,625	477,875
Minimum deposit on premiums paid (Note 4.4)		38,835	55,408
		7,826,349	**7,196,988**

4.1	**Reinsurance share of unearned premium reserve**			
	At 1 January		4,272,491	5,402,557
	Reinsurance ceded during the year	Note 21	23,970,511	21,738,900
	Reinsurance expense during the year	Note 21	(23,328,860)	(22,868,966)
	At 31 December		**4,914,142**	**4,272,491**
4.2	**Reinsurer's share of claims**			
	At 1 January		2,391,214	2,255,326
	Increase credited to Profit or loss (Note 23.2)		45,533	135,888
	At 31 December		**2,436,747**	**2,391,214**
4.2a	**Reinsurer's share of outstanding claims**			
	At 1 January		1,388,408	1,291,875
	Increase credited to Profit or loss		(19,716)	96,533
	At 31 December		**1,368,692**	**1,388,408**
4.2b	**Reinsurer's share of IBNR**			
	At 1 January		1,002,806	963,451
	Increase credited to Profit or loss		65,249	39,355
	At 31 December		**1,068,055**	**1,002,806**

		31-Dec-2021	**31-Dec-2020**
4.3	**Due from reinsurance brokers**	**₦'000**	**₦'000**
	At 1 January	477,875	586,129
	Claims recovered from brokers during the year	(41,250)	(108,254)
	At 31 December	**436,625**	**477,875**

Amount due from reinsurance brokers represent net claims recoverable from reinsurance. They are valued after an allowance for their recoverability, and the carrying amount is a reasonable approximation of fair value. For cash flow purpose, the increase during the year of ₦41 million (2020: ₦108 million) has been adjusted to arrive at claims and benefit received of ₦1.632billion (2020:₦1.894billion).

		31-Dec-2021	**31-Dec-2020**
4.4	**Minimum deposit on premiums paid**	**₦'000**	**₦'000**
	At 1 January	55,408	47,957
	Addition	31,384	55,408
	Expensed during the year	(47,957)	(47,957)
	At 31 December	**38,835**	**55,408**

The amount expensed during the year is included in reinsurance expense while M&D premuim paid during the year are reported seperately in the statement of cashflow and adjusted against premium paid to reinsurers on the cash flows.

			31-Dec-2021	**31-Dec-2020**
5	**Deferred Acquisition Costs (DAC)**		**₦'000**	**₦'000**
	At 1 January		583,433	543,304
	Acquisition cost during the year		2,674,123	2,486,195
	Acquisition cost expensed during the year	Note 24	(2,584,452)	(2,446,066)
	At 31 December		**673,104**	**583,433**
5.1	*Reconciliation of Acquisition cost expensed during the year*			
	Acquisition cost during the year		2,674,123	2,486,195
	Decrease in deferred acquisition cost during the year		(89,671)	(40,129)
			2,584,452	**2,446,066**

5 Deferred acquisition cost - continued

5.2 Breakdown of deferred acquisition cost per class

	Motor	Accident	Bond	Marine	Aviation	Fire	Engineer-ing	Oil & Energy	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 January 2021	73,571	46,056	105	42,723	3,620	201,272	52,605	163,481	583,433
Acquisition cost during the year	380,558	410,556	519	281,408	45,369	793,970	107,706	654,038	2,674,124
Acquisition cost expensed during the year	(362,307)	(372,473)	(433)	(279,038)	(44,391)	(748,815)	(125,448)	(651,549)	(2,584,454)
At 31 December 2021	**91,822**	**84,139**	**191**	**45,093**	**4,598**	**246,427**	**34,863**	**165,970**	**673,103**
At 1 January 2020	70,723	44,270	264	25,526	12,309	181,958	100,861	107,390	543,301
Acquisition cost during the year	341,097	339,661	480	214,892	20,890	630,686	70,364	868,128	2,486,198
Acquisition cost expensed during the year	(338,249)	(337,875)	(639)	(197,695)	(29,579)	(611,372)	(118,620)	(812,037)	(2,446,066)
At 31 December 2020	**73,571**	**46,056**	**105**	**42,723**	**3,620**	**201,272**	**52,605**	**163,481**	**583,433**

6 Other receivables and prepayments

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Staff loans (Note 6.1)	120,924	71,507
Prepayments and sundry debtors (Note 6.2)	258,026	179,817
Withholding tax credit notes(Note 6.3)	14,946	6,650
	393,896	257,974
*Allowance for impairment on Other receivables (Note 6.4)	(96,634)	(93,984)
	297,262	**163,990**

*Individual impairment of items were carried out to arrive at this value.

6.1 *Staff loans*

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
At 1 January	71,507	63,039
Addition during the period	125,600	22,650
Accrued Interest	1,810	1,648
Repayment during the period	(77,993)	(15,830)
	120,924	71,507
ECL impairment provision	(37,962)	(37,952)
At 31 December	**82,962**	**33,555**

Included in staff loans is an amount of ₦12.3m (2020: ₦15.0m) granted to key management staff. See note 38.3

6 Other receivables and prepayments - continued

6.2 Prepayment and sundry debtors

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Sundry debtors (Note 6.2.1)	51,003	69,983
Prepaid others (Note 6.2.2)	135,100	30,741
Deposit for property (Note 6.2.3)	25,337	33,120
Prepaid insurance on owned assets	33,000	28,234
Prepaid rent	13,585	17,739
	258,025	**179,817**

6.2.1 Sundry debtors represents deposit for various services not yet received and recoverable from suppliers and service providers.

6.2.2 Prepaid others relates to prepayments made for services rendered by vendors.

6.2.3 This relates to a property development for which an initial deposit of ₦36.8million was made. The property development has been stalled and the developer has so far refunded the sum of ₦11.4million whilst the balance of ₦25.3million has been fully impaired.

6.3 Withholding tax credit notes

	31-Dec-21	31-Dec-2020
	₦'000	₦'000
Balance as at 1 Jan	6,650	-
Additional credit notes received	8,296	19,972
Utilised credit notes (Note 16.2)	-	(13,322)
Balance as at 31 Dec	14,946	6,650

6 Other receivables and prepayments - continued

6.4 Impairment loss on other receivables

The impairment loss relates to staff loans, deposit for properties and sundry debtors. An analysis of changes in the gross carrying amount and corresponding ECLs is as follows:

	2021							
	Stage 1		Stage 2		Stage 3		Total	
These items are not rated.	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
As at 1 January 2021	65,852	446	-	-	93,538	93,538	159,390	93,984
New assets purchased	130,366	883	-	-	-	-	130,366	883
Assets derecognised or matured (excluding write-offs)	(95,309)	(646)	-	-	(7,783)	(7,784)	(103,091)	
Amounts written off	-		-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	(403)	-	-	10,600	10,600	10,600	
Unrealised foreign exchange adjustments	-	-	-	-	-	-	-	-
At 31 December 2021	100,909	279	-	-	96,355	96,354	197,265	96,634

	2020							
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
As at 1 January 2020	151,643	8,842	-	-	93,538	93,538	245,181	102,380
New assets purchased	8,468	494	-	-	-	-	8,468	494
Assets derecognised or matured (excluding write-offs)	(94,259)	(8,891)	-	-	-	-	(94,259)	
Amounts written off	-		-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	1	-	-	-	-	-	
Unrealised foreign exchange adjustments	-		-	-	-	-	-	-
At 31 December 2020	65,852	446	-	-	93,538	93,538	159,390	93,984

6 Other receivables and prepayments - continued

6.4 *Impairment loss on other receivables - continued*

Analysis of impact of impairment 2021

	Asset	Impairment			Asset
	Gross carrying amount as at 31 December	Balance as at 1 January	Increase/ (Write-back) during the year	Balance as at 31 December	Carrying amount as at 31 December
	₦'000	₦'000	₦'000	₦'000	₦'000
Staff loans	120,924	37,952	10	37,962	82,962
Prepayments	181,685	-	-	-	181,685
Sundry debtors	51,004	22,912	10,423	33,335	17,669
Deposit for property	25,337	33,120	(7,783)	25,337	-
Withholding tax credit notes	14,946	-	-	-	14,946
Total	393,896	93,984	2,650	96,634	297,262

Analysis of impact of impairment 2020

	Asset	Impairment			Asset
	Gross carrying amount as at 31 December	Balance as at 1 January	Increase/ (Write-back) during the year	Balance as at 31 December	Carrying amount as at 31 December
	₦'000	₦'000	₦'000	₦'000	₦'000
Staff loans	71,507	37,951	1	37,952	33,555
Prepayments	76,714	-	-	-	76,714
Sundry debtors	54,763	31,309	(8,397)	22,912	31,850
Claims debtors	15,220	-	-	-	15,220
Deposit for property	33,120	33,120	-	33,120	-
Withholding tax credit notes	6,650	-	-	-	6,650
Total	257,974	102,380	(8,396)	93,984	163,989

7 Investment properties

	31-Dec-2021	31-Dec-20
	₦'000	₦'000
At 1 January	3,637,178	3,637,178
Additions during the year	21,947	1,829
Net gain on fair value adjustments (Note 28.1)	17,645	(1,829)
At 31 December	3,676,770	3,637,178

Further analysis and details of the investment properties including their location are stated below. These include the carrying amount and the corresponding fair value adjustments recognized in the profit or loss.

7.1 Description of properties and movement

	1-Jan-2021	Additions during the year	Improvements during the year	Fair value adjustments recognised in profit or	31-Dec-2021
	₦'000	₦'000	₦'000	₦'000	₦'000
88, Adetokunbo Ademola Street, Victoria Island, Lagos	230,000	-	-	-	230,000
3, Aja Nwachukwu Close, Off Bourdillon Road, Ikoyi, Lagos*	2,850,000	-	-	-	2,850,000
156 Awolowo Road, Ikoyi, Lagos	405,000	-	-	-	405,000
Plot 3243, Block 71, Peace Prayer Estate, Amuwo Odofin, Lagos	41,770	-	-	-	41,770
Plot 676 Cadastral Zone, Abuja	30,000	-	-	20,000	50,000
5 Chapel Street, Yaba	80,408	-	21,947	(2,355)	100,000
	3,637,178	**-**	**21,947**	**17,645**	**3,676,770**

The Company did not acquire any new investment properties during the year. Improvements during the year represent directly attributable expenditure(e.g. survey cost, remodelling costs) incurred. There was no disposal of investment properties during the year(2020:Nil).

* The Investment property located at 3, Aja Nwachukwu Close, Off Bourdillon Road, Ikoyi, Lagos is jointly owned by Policyholders and Shareholders. A fixed portion of ₦1,513m is owned by policyholders while shareholder own any excess above the same value. Shareholders bear the full exposure to the related risk (Fair valuation gains and losses on the property) while rental income on the property is shared proportionally based on holdings.

7 Investment properties - continued

7.1 Description of properties and movement

	1-Jan-2020	Additions during the year	Improvements during the year	Fair value adjustments recognised in profit or loss	31-Dec-2020
	₦'000	₦'000	₦'000	₦'000	₦'000
88, Adetokunbo Ademola Street, Victoria Island, Lagos	230,000	-	629	(629)	230,000
3, Aja Nwachukwu Close, Off Bourdillon Road, Ikoyi, Lagos	2,850,000	-	-	-	2,850,000
156 Awolowo Road, Ikoyi, Lagos	405,000	-	-	-	405,000
Plot 3243, Block 71, Peace Prayer Estate, Amuwo Odofin, Lagos	41,770	-	-	-	41,770
Plot 676 Cadastral Zone, Abuja	30,000	-	-	-	30,000
5 Chapel Street, Yaba	80,408	-	1,200	(1,200)	80,408
	3,637,178	**-**	**1,829**	**(1,829)**	**3,637,178**

Valuation techniques used for fair valuation of Investment properties

This represents the Company's investment in building and landed property for the purpose of capital appreciation. The investment properties are stated at fair value, which has been determined based on valuations performed by a qualified estate surveyor. The investment properties were independently valued by Barin Epega & Company (a registered estate surveyor & valuer) as at 31 December 2021 and 31 December 2020 based on valuation model in accordance with that recommended by the International Valuation Standards Committee. The determination of fair value of the investment property was supported by market evidence. The rental income arising from these properties during the year is included in other investment and sundry income.

Details of the Valuer

The investment properties were independently valued as at 31 December 2021 and 31 December 2020 by Barin Epega & Co(an estate surveyor & chartered valuer firm) duly registered with the Financial Reporting Council of Nigeria with number FRC/2020/00000013769, with office located at No. 98, Norman Williams Street Ikoyi, Lagos. The valuation report was signed by Sir Obarinsola Epega KJW who is a qualified member of the Nigerian Institution of Estate Surveyors and Valuers with FRC No. FRC/2012/NIESV/00000000597.

The rental income arising during the year amounted to ₦77.8million (year ended 31 December 2020: ₦77.8million) which is included in other investment and sundry income. Direct operating expenses arising in respect of such properties during the year are included within management expenses.

7 Investment properties - continued

	2021	2020
	₦'000	₦'000
Rental income derived from investment properties (Note 25)	77,750	77,750
Direct operating expenses in generating rental income	(2,796)	(2,506)
Profit from investment properties carried at fair value	**74,954**	**75,244**

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. The Company has no contractual obligations to purchase, construct or develop investment property or for repairs or enhancement.

Valuation techniques used for fair valuation of investment properties - 31 December 2021

Location	Status of Title	Valuation technique	Significant unobservable inputs
88, Adetokunbo Ademola Street, Victoria Island, Lagos	Title is covered by the Lagos State Land certificate Title No LO8556 which was registered and perfected on 1 September 2011	Depreciated replacement cost approach.	-Construction cost/M2 : N180,000 for Main Building of 300.3m2, N150,000 for Domestic Staff Quarters of 47.4m2 and N100,000 for Gate house of 8.48m2 Depreciation rate of 70%
3, Aja Nwachukwu Close, Off Bourdillon Road, Ikoyi, Lagos	Title is covered by the Lagos State Land certificate Title No LO8707 which was registered and perfected on 7 September 2011.	Income approach (DCF Method)	- Estimated unit rental per annum ₦18,000,000 – ₦21,040,000 - Rent growth p.a 5% - Long-term vacancy rate less 10% - Discount rate 10%
156 Awolowo Road, Ikoyi, Lagos	Title is covered by the Lagos State Land certificate Title No LO5032 which was registered and perfected on 29 June 1994.	Income approach (DCF Method).	- Estimated rental per annum ₦22,500,000 - Rent growth p.a 5% - Long-term vacancy rate 2% - Discount rate 10%
Plot 3243, Block 71, Peace Prayer Estate, Amuwo Odofin, Lagos	Title is evidenced by the D160Deed of Assignment dated 1995. Title perfection is ongoing with the Lagos State Government since April 2017.	Market comparison approach.	- Estimated price per square metre ₦35,000 - ₦45,000

7 Investment properties - continued

Valuation techniques used for fair valuation of investment 2021 - continued

Location	Status of Title	Valuation technique	Significant unobservable inputs
Plot 676 Cadastral Zone, Abuja	Title is evidenced by the Federal Government Certificate of Occupancy No 149123 and registered as No 11488 in Volume 58 of the Certificate of Occupancy register in Land registry office Abuja. Title was perfected and obtained on 1 September 2011.	Market comparison approach.	- Estimated price per square meter ₦8,000 - ₦12,000
5 Chapel Street, Yaba, Lagos	Title perfection is ongoing with the Lagos State Government since acquisition in September 2019.	Depreciated replacement cost approach was adopted in arriving at the market value.	-Construction cost per square meter : ₦110,000 - ₦175,000, - Land cost/M2: ₦100,000- ₦145,000/m2 Depreciation rate of building), 45% (Fence)

Valuation techniques used for fair valuation of investment properties - 31 December 2020

Location	Status of Title	Valuation technique	Significant unobservable inputs
88, Adetokunbo Ademola Street, Victoria Island, Lagos	Title is covered by the Lagos State Land certificate Title No LO8556 which was registered and perfected on 1 September 2011	Depreciated replacement cost approach.	-Construction cost/M2 : N180,000 for Main Building of 300.3m2, N150,000 for Domestic Staff Quarters of 47.4m2 and N100,000 for Gate house of 8.48m2 Depreciation rate of 70%
3, Aja Nwachukwu Close, Off Bourdillon Road, Ikoyi, Lagos	Title is covered by the Lagos State Land certificate Title No LO8707 which was registered and perfected on 7 September 2011.	Income approach (DCF Method)	- Estimated rental per annum ₦34,200,000 – ₦41,040,000 - Rent growth p.a 1.14% - Long-term vacancy rate 0% - Discount rate 10%
156 Awolowo Road, Ikoyi, Lagos	Title is covered by the Lagos State Land certificate Title No LO5032 which was registered and perfected on 29 June 1994.	Income approach (DCF Method).	- Estimated rental per annum ₦22,500,000 - Rent growth p.a 5% - Long-term vacancy rate 2% - Discount rate 10%

7 Investment properties - continued

Valuation techniques used for fair valuation of investment 2020 - continued

Location	Status of Title	Valuation technique	Significant unobservable inputs
Plot 3243, Block 71, Peace Prayer Estate, Amuwo Odofin, Lagos	Title is evidenced by the Deed of Assignment dated 1995. Title perfection is ongoing with the Lagos State Government since April 2017.	Market comparison approach.	- Estimated price per square metre ₦35,000 - ₦45,000
Plot 676 Cadastral Zone, Abuja	Title is evidenced by the Federal Government Certificate of Occupancy No 149123 and registered as No 11488 in Volume 58 of the Certificate of Occupancy register in Land registry office Abuja. Title was perfected and obtained on 1 September 2011.	Market comparison approach.	- Estimated price per square meter ₦8,000 - ₦12,000
5 Chapel Street, Yaba, Lagos	Title perfection is ongoing with the Lagos State Government since acquisition in September 2019.	Depreciated replacement cost approach was adopted in arriving at the market value.	-Construction cost/M2 : N120,000 for Main Building of 169.4m2 - Land cost/M2: N145,000 for 454.3m2 - Depreciation rate of 35% (Main Building), 45% (Fence)

Investment Properties carried at fair value

All Investment properties are carried at fair value as determined by an independent valuer. Valuation under the market approach is based on open market capital valuation using the market comparison approach through analysis of recent transactions of sale of comparable properties in the neighbourhood to arrive at the value of the property. The income approach using discounted cashflows method is also used in arriving at the fair value of income yielding investment properties. The Depreciated replacement cost approach was used in arriving at the fair value of dilapidated structures due to the specialised nature of the property. Investment properties are categorised as Level 3 assets based on the methodology adopted in determining the fair value.

7 Investment properties - continued

Investment Properties carried at fair value using income approach

Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases/(decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower)/fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower/(higher) fair value. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long term vacancy rate.

Investment Properties carried at fair value using market approach

Market comparable method is used when there exist a good volume of transactions involving comparable properties in the area during the year. Under the market comparable approach, a property's fair value is estimated based on comparable transactions. This approach is based on the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparism applied by the Company is the price per square meter(sqm). The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition.

Investment Properties carried at depreciated replacement cost approach

Depreciated replacement cost (DRC) method of valuation is used where there is no active market for the asset being valued – that is, where there is no useful or relevant evidence of recent sales transactions due to the specialised nature of the asset. The cost of a modern equivalent asset is estimated and then adjusted to reflect the subject asset's physical condition and utility together with obsolescence and relative disabilities affecting the actual asset.

Fair value hierarchy of Investment Properties

	Level1	**Level 2**	**Level 3**	**Total**
At 31 December 2021	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Investment properties	-	-	3,676,770	3,676,770
At 31 December 2020				
Investment properties	-	-	3,637,178	3,637,178

8 Property, plant and equipment

	Motor Vehicles ₦'000	Furniture and Fittings ₦'000	Computer and Office Equipment ₦'000	Plant and Machinery ₦'000	Total ₦'000
Cost:					
At 1 January 2020	387,786	78,395	151,583	9,679	627,443
Additions	77,151	1,199	31,181	240	109,771
Disposals	(37,838)	-	(2,402)	-	(40,240)
At 31 December 2020	427,099	79,594	180,362	9,919	696,975
Additions	194,740	1,593	14,728	4,295	215,356
Disposals	(98,125)	-	-	-	(98,125)
At 31 December 2021	523,714	81,187	195,090	14,214	814,206
Accumulated depreciation:					
At 1 January 2020	244,288	70,070	114,183	4,897	433,438
Charge for the year	64,684	3,037	22,336	1,359	91,416
Disposals	(37,421)	-	(2,402)	-	(39,823)
At 31 December 2020	271,551	73,106	134,118	6,256	485,031
Charge for the year	88,037	2,834	23,941	2,003	116,815
Disposals	(91,594)	-	-	-	(91,594)
At 31 December 2021	267,994	75,941	158,059	8,259	510,252
Carrying Amount					
At 31 December 2021	**255,720**	**5,247**	**37,031**	**5,955**	**303,954**
At 31 December 2020	**155,548**	**6,488**	**46,245**	**3,662**	**211,944**

8.1 The Company had no capital commitment as at the end of the period (2020: Nil).

8.2 Impairment assessment was carried out during the period and there was no indication of impairment of any of the assets in use by the Company, hence no impairment test was performed during the period.

8.3 None of the property, plant and equipment of the Company has been pledged as security for borrowings or otherwise, as at the end of the year (2020: Nil).

9 Right of use assets

	31-Dec-2021	31-Dec-20
	₦'000	₦'000
At 1 January	6,250	-
Additions during the year	6,354	9,000
Depreciation expense	(5,383)	(2,750)
At 31 December	**7,221**	**6,250**

The Company leases buildings used as office premises and land spaces used for storing accidented vehicles. The total lease term for the office spaces are 12 month or less which are treated as short term lease (*See prepaid rent in note 6.2*). In many of the lease contracts, there are no extension options and where there exist in other contracts, the company is not reasonably certain that extension options will be exercised and termination options are exercisable by both leasee and lessor without penalty.
During the year, The company leased a property located in Abuja from UPDC Plc for a term of 2 years and the remaining lease term is 15months . The unutilised leased term amounts to ₦3.97m. See note 38.3 .

In 2020, the company leased a vacant land for storing its salvage vehicles. The lease term for the land space is three (3) years and the remaining lease term for the leased land space as at 31 December 2021 is 13 months. The lease payments were made in advance for the entire period of lease and depreciation is computed on straight-line basis; hence, no lease liability has been recognised as at 31 December, 2021. The depreciation expense computed represents 9months out of 24 months lease period for the Abuja property (See note 38, transactions with related parties for further details) and 11 months out of 36-month lease period for the rented salvage park.

10 Intangible assets

	Software costs	Total
	₦'000	₦'000
Cost:		
At 1 January 2020	127,508	127,508
Additions	706	706
At 31 December 2020	128,214	128,214
Additions	328	328
At 31 December 2021	128,542	128,542
Accumulated amortisation and impairment:		
At 1 January 2020	118,243	118,243
Charge for the year	3,697	3,697
At 31 December 2020	121,940	121,940
Charge for the year	3,175	3,175
At 31 December 2021	125,115	125,115
Carrying amount:		
At 31 December 2021	**3,427**	**3,427**
At 31 December 2020	**6,274**	**6,274**

11 Statutory deposits

	31-Dec-2021	31-Dec-2020
	₦'000	₦'000
Deposits with CBN	**300,000**	**300,000**

In line with Section 10 (3) of the Insurance Act of Nigeria, a deposit of 10% of the regulatory share capital required for non-life insurance business (₦3billion) is kept with the Central Bank of Nigeria(CBN). The cash amount held is considered to be a restricted cash balance.

According to Section 10(4), statutory deposits with the CBN attracts an interest at the minimum lending rate on every 1st of January of each year. The interest accrued for the second half of 2020 was observed to have been over accrued given that actual cash interest received in February 2021 indicated that the CBN further reviewed downward the initial minimum lending rate in 2020. Income earned for the 2021 financial year was therefore not substantial enough to clear the prior year excess interest accrued, hence interest income reported during the year was negative. A net interest expense of ₦4.089m was reported for the year (2020: net interest income of ₦36.643m). See note 25 to the financial statements.

12 Insurance contract liabilities

12.1 Carrying amount

	Note	Gross		Reinsurers' assets		Net	
		2021	2020	2021	2020	2021	2020
Non-life:		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Outstanding claims	12.3	3,266,597	3,127,929	1,368,692	1,388,408	1,897,905	1,739,521
IBNR		2,215,400	1,689,905	1,068,055	1,002,806	1,147,345	687,099
	12.2a	5,481,997	4,817,834	2,436,747	2,391,214	3,045,250	2,426,620
Unearned premiums	12.2b	7,678,986	6,996,644	4,914,142	4,272,491	2,764,844	2,724,153
Total non-life	12.2	**13,160,983**	**11,814,478**	**7,350,889**	**6,663,705**	**5,810,094**	**5,150,773**
Within one year		7,320,288	8,653,081	4,816,878	4,816,878	2,503,411	3,836,204
More than one year		5,840,695	3,161,397	2,534,011	1,846,827	3,306,683	1,314,569
		13,160,983	11,814,478	7,350,889	6,663,705	5,810,094	5,150,773

12.2 Movement

	Gross 2021	Gross 2020	Reinsurers' assets 2021	Reinsurers' assets 2020	Net 2021	Net 2020
At 1 January	11,814,478	11,957,745	6,663,705	7,657,883	5,150,773	4,299,862
Change in unearned premium (Note 20)	682,342	(495,402)	641,651	(1,130,066)	40,691	634,664
Claims charged during the period	6,309,938	6,002,845	1,637,141	1,921,145	4,672,797	4,081,700
Claims paid during the period	(5,645,775)	(5,650,710)	(1,591,608)	(1,785,257)	(4,054,167)	(3,865,453)
At 31 December	**13,160,983**	**11,814,478**	**7,350,889**	**6,663,705**	**5,810,094**	**5,150,773**

12 Insurance contract liabilities -continued

12.2a Movement in outstanding claims

	Note	Gross 2021	Gross 2020	Reinsurers' assets 2021	Reinsurers' assets 2020	Net 2021	Net 2020
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 January		4,817,835	4,465,700	2,391,214	2,255,326	2,426,621	2,210,374
Claims charged during the year		6,309,938	6,002,845	1,637,141	1,921,145	4,672,797	4,081,700
Claims paid during the year		(5,645,775)	(5,650,710)	(1,591,608)	(1,785,257)	(4,054,167)	(3,865,453)
At 31 December	12.1	5,481,997	4,817,835	2,436,747	2,391,214	3,045,251	2,426,621

12.2b Movement in unearned premiums

	Note	Gross 2021	Gross 2020	Reinsurers' assets 2021	Reinsurers' assets 2020	Net 2021	Net 2020
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 January		6,996,644	7,492,046	4,272,491	5,402,557	2,724,151	2,089,488
Premium written during the year		34,437,522	31,587,929	23,970,511	21,738,900	10,467,011	9,849,029
Premium earned during the year	20	(33,755,180)	(32,083,331)	(23,328,860)	(22,868,966)	(10,426,320)	(9,214,365)
At 31 December	12.1	7,678,986	6,996,644	4,914,142	4,272,491	2,764,842	2,724,151

12.3 Age analysis of outstanding claims

12.3a Age analysis of outstanding claims by claim status

2021 claims status	***Gross***	***0 - 90 days***	***91- 180 days***	***181-270 days***	***271-365 days***	***365 days and above***
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Discharged vouchers signed by client	343,149	343,149	-	-	-	-
Discharge vouchers not yet signed & returned by clients	8,820	8,820	-	-	-	-
Awaiting loss adjuster's report	159,696	159,696	-	-	-	-
Awaiting Documentation	2,754,932	339,129	350,426	155,101	277,483	1,632,793
Incomplete documentation	-	-	-	-	-	-
Repudiated	-	-	-	-	-	-
Awaiting court decisions	-	-	-	-	-	-
	3,266,597	**850,794**	**350,426**	**155,101**	**277,483**	**1,632,793**

12 Insurance contract liabilities - continued

12.3 Age analysis of outstanding claims - continued

12.3a Age analysis of outstanding claims by claim status

	Gross	0 - 90 days	91- 180 days	181-270 days	271-365 days	365 days and above
2020 claims status	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Discharged vouchers signed by client	4,120	4,120	-	-	-	-
Discharge vouchers not yet signed & returned by clients	119,374	119,374	-	-	-	-
Awaiting loss adjuster's report	336,490	336,490	-	-	-	-
Awaiting Documentation	2,667,945	997,067	397,687	178,250	167,612	927,329
Incomplete documentation	-	-	-	-	-	-
Repudiated	-	-	-	-	-	-
Awaiting court decisions	-	-	-	-	-	-
	3,127,929	**1,457,051**	**397,687**	**178,250**	**167,612**	**927,329**

12.3b Age analysis of outstanding claims by class of business

	Gross	0 - 90 days	91- 180 days	181-270 days	271-365 days	365 days and above
2021 outstanding claims	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	341,080	161,735	61,861	31,562	32,597	53,325
Accident	693,872	137,352	142,184	48,003	74,694	291,639
Bond	54	-	-	-	-	54
Fire	1,713,617	464,366	75,969	47,500	119,971	1,005,811
Marine	143,936	32,571	19,481	11,829	27,904	52,151
Aviation	7,559	2,947	1,057	-	-	3,555
Engineering	135,090	28,483	42,510	11,161	8,360	44,576
Oil & Energy	231,389	23,340	7,364	5,046	13,957	181,682
	3,266,597	**850,794**	**350,426**	**155,101**	**277,483**	**1,632,793**

12 Insurance contract liabilities - continued

12.3b Age analysis of outstanding claims by class of business

2020 outstanding claims	*Gross*	*0 - 90 days*	*91- 180 days*	*181-270 days*	*271-365 days*	*365 days and above*
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Motor	316,062	188,148	24,866	24,681	31,042	47,324
Accident	598,267	230,182	58,803	22,572	59,076	227,634
Bond	54	-	-	-	-	54
Fire	1,593,689	911,358	257,188	60,142	52,671	312,330
Marine	200,202	59,872	23,510	51,811	10,384	54,624
Aviation	5,211	-	-	-	20	5,191
Engineering	103,751	61,291	9,774	14,394	8,818	9,475
Oil & Energy	310,692	6,200	23,547	4,650	5,600	270,695
	3,127,929	**1,457,051**	**397,687**	**178,250**	**167,612**	**927,329**

12.4 Changes in historical reserves for loss and loss adjustment expenses (LAE)

The analysis of loss and LAE reserves by actuaries and management is conducted by line of business and separately for specific claim type e.g. motor claims or fire claims.

The origin year of losses is taken into consideration by analysing each line of business also by accident year. While this determines the estimates of reserves for loss and LAE by accident year as recorded in the statement of financial position, the effect in the profit or loss in the respective calendar year combines the accident year loss ratio for the current year with the favourable or adverse development from prior years (run-off). The tables below first show the loss development by accident year followed by the resulting change for the most recent calendar years.

The technical reserves were independently valued as at 31 December 2021 by Ernst and Young Nigeria duly registered with the Financial Reporting Council of Nigeria. The actuary, Rotimi O Okpaise, whose office is located at 10 Floor, UBA House, 57 Marina, Lagos, Nigeria is an associate of the Society of Actuaries, USA and Fellow of the Institute of Actuaries, England with FRC No. FRC/2012/NAS/00000000738.

12 Insurance contract liabilities - continued

12.5 Actuarial assumptions

Chain-ladder techniques are applied to premiums, paid claims and incurred claims (i.e. paid claims plus case estimates). The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on historical patterns. The selected development factors are then applied to cumulative claims data for each underwriting year that is not yet fully developed to produce an estimated ultimate claims cost for each underwriting year.

Chain-ladder techniques are most appropriate for classes of business that have a relatively stable development pattern. Chain-ladder techniques are less suitable in cases in which the insurer does not have a developed claims history for a particular class of business or for underwriting years that are still at immature stages of development where there is a higher level of assumption volatility.

The Bornhuetter-Ferguson method uses a combination of a benchmark/market-based estimate and an estimate based on claims experience. The former is based on a measure of exposure such as premiums; the latter is based on the paid or incurred claims observed to date. The two estimates are combined using a formula that gives more weight to the experience-based estimate as time passes. This technique has been used in situations where developed claims experience was not available for the projection (i.e. recent underwriting years or new classes of business).

The expected loss ratio method uses a benchmark/market-based estimate applied to the expected premium and is used for classes with little or no relevant historical data.

The choice of selected results for each underwriting year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual underwriting years or groups of underwriting years within the same class of business. As such, there are many assumptions used to estimate general insurance liabilities.

The valuation approach/methodology is similar to those adopted in the last valuation cycle. See table below for valuation methodology and the large loss cut off level assumed for each class of business. The large loss for 2021 are the same as 2020 due to stable claims distribution experience during the year

Class of Business	Valuation methodology	Large loss	Comment on derivation
Motor	Undiscounted IABCL	7,000,000	7m assumed
General Accident	Undiscounted IABCL	20,000,000	N20m Assumed
Bond	Undiscounted IABCL	N/A	Not Applicable
Fire	Undiscounted IABCL	50,000,000	N50m Assumed
Marine	Undiscounted IABCL	16,093,882	Mean + 3SD
Aviation	Expected Loss ratio	N/A	Not Applicable
Engineering	Undiscounted IABCL	19,764,423	Mean + 3SD
Oil & Gas	Expected Loss ratio	N/A	Not Applicable

12 Insurance contract liabilities - continued

To illustrate the robustness of the reserves, the loss development tables below provide information about historical claims development by eight classes of business – accident, aviation, bond, engineering, fire, marine, motor and oil & energy. The tables are by underwriting year which in view provides the most transparent reserving basis.

Gross claim reserving - Fire

Incremental Chain ladder-Yearly Projections (N'000) (Table of claims paid excluding large claims (Attritional Table))

Accident year	1	2	3	4	5	6	7	8	9	10	11
2008	110,128	105,252	46,861	5,562	412	-	-	-	-	-	1,535
2009	126,838	95,969	25,312	12,116	668	58	-	-	-	120	-
2010	80,509	111,961	37,658	20,129	2,892	1,679	-	-	-	-	-
2011	145,673	375,819	72,612	44,635	28,323	603	-	284	-	-	-
2012	172,376	225,242	81,969	16,442	160	140	-	295	-	-	-
2013	206,698	272,940	73,266	12,904	4,237	2,173	-	-	-	-	-
2014	285,229	230,783	43,717	32,190	4,139	606	239	477	-	-	-
2015	332,516	279,154	22,671	20,630	12,137	1,303	-	-	-	-	-
2016	273,934	353,278	50,066	20,397	1,281	15,994	-	-	-	-	-
2017	273,077	235,134	31,616	36,678	36,461	-	-	-	-	-	-
2018	325,889	292,644	30,557	1,674	-	-	-	-	-	-	-
2019	490,517	373,530	79,975	-	-	-	-	-	-	-	-
2020	444,751	2,193,164	-	-	-	-	-	-	-	-	-
2021	409,450	-	-	-	-	-	-	-	-	-	-

Cumulative Chain Ladder - Annual projections (N'000)

Accident year	1	2	3	4	5	6	7	8	9	10	11
2008	556,575	1,018,725	1,199,377	1,218,554	1,219,842	1,219,842	1,219,842	1,219,842	1,219,842	1,219,842	1,222,286
2009	556,930	926,895	1,014,175	1,052,052	1,053,916	1,054,065	1,054,065	1,054,065	1,054,065	1,054,256	1,054,256
2010	310,365	696,422	814,146	870,331	877,805	881,812	881,812	881,812	881,812	881,812	881,812
2011	502,301	1,677,171	1,879,847	1,995,203	2,062,793	2,064,106	2,064,106	2,064,558	2,064,558	2,064,558	2,064,558
2012	538,874	1,167,573	1,379,418	1,418,655	1,419,003	1,419,260	1,419,260	1,419,683	1,419,683	1,419,683	
2013	576,937	1,282,339	1,457,180	1,485,277	1,493,063	1,496,525	1,496,525	1,496,525	1,496,525		
2014	737,161	1,287,898	1,383,086	1,442,243	1,448,836	1,449,704	1,450,010	1,450,487			
2015	793,512	1,401,330	1,442,993	1,475,854	1,493,227	1,494,893	1,494,893				
2016	596,453	1,245,688	1,325,438	1,354,636	1,356,274	1,372,268					
2017	501,846	876,394	921,651	968,536	1,004,998						
2018	519,113	938,017	977,077	978,752							
2019	702,148	1,179,633	1,259,608								
2020	568,528	2,761,692									
2021	409,450										
Loss Dev Factors (LDF)		2.208	1.099	1.034	1.011	1.002	1.000	1.000	1.000	1.000	1.000

Projected Inflation Adjusted Chain ladder (discounted results -Annual projections (N'000))

Accident year	1	2	3	4	5	6	7	8	9	10	11
2008	556,575	1,018,725	1,199,377	1,218,554	1,219,842	1,219,842	1,219,842	1,219,842	1,219,842	1,219,842	1,219,842
2009	556,930	926,895	1,014,175	1,052,052	1,053,916	1,054,065	1,054,065	1,054,065	1,054,065	1,054,256	1,054,256
2010	310,365	696,422	814,146	870,331	877,805	881,812	881,812	881,812	881,812	881,812	881,812
2011	502,301	1,677,171	1,879,847	1,995,203	2,062,793	2,064,106	2,064,106	2,064,558	2,064,558	2,064,558	2,064,558
2012	538,874	1,167,573	1,379,418	1,418,655	1,419,003	1,419,260	1,419,260	1,419,683	1,419,683	1,419,683	1,419,683
2013	576,937	1,282,339	1,457,180	1,485,277	1,493,063	1,496,525	1,496,525	1,496,525	1,496,525	1,496,525	1,496,525
2014	737,161	1,287,898	1,383,086	1,442,243	1,448,836	1,449,704	1,450,010	1,450,487	1,450,592	1,450,592	1,450,592
2015	793,512	1,401,330	1,442,993	1,475,854	1,493,227	1,494,893	1,494,893	1,501,054	1,501,054	1,501,054	1,501,054
2016	596,453	1,245,688	1,325,438	1,354,636	1,356,274	1,372,268	1,380,879	1,380,879	1,380,879	1,380,879	1,380,879
2017	501846	876,394	921,651	968,536	1,004,998	1,010,072	1,010,072	1,010,072	1,010,072	1,010,072	1,010,072
2018	519113	938,017	977,077	978,752	1,008,078	1,010,819	1,010,819	1,010,819	1,010,819	1,010,819	1,010,819
2019	702148	1,179,633	1,259,608	1,377,023	1,395,576	1,399,403	1,399,403	1,399,403	1,399,403	1,399,403	1,399,403
2020	568528	2,761,692	3,015,505	3,138,112	3,180,963	3,189,802	3,189,802	3,189,802	3,189,802	3,189,802	3,189,802
2021	409,450	1,093,956	1,212,605	1,257,957	1,273,807	1,277,077	1,277,077	1,277,077	1,277,077	1,277,077	1,277,077

Summary of results

Accident year	Exposure / Earned Premium (N'000)	Total Paid Amounts (N'000)	O/S Reported LG Reserve	No. of Large Losses	Claim Frequency (%)	Average Paid Cost (N'000)	Ult Avg Cost	Ultimate Freq (%)	Ultimate Paid Amounts (N'000)	Large Loss Reserves (N'000)
2008	849525	238,941	-	3	0	79,647	79,647	0	238,941	-
2009	849525	-	-	-	-	-	-	-	-	-
2010	849525	-	-	-	-	-	-	-	-	-
2011	849525	355,878	-	4	0	88,969	88,969	0	355,878	-
2012	1425419	341,378	-	8	0	42,672	42,672	0	341,378	-
2013	1643663	104,511	-	3	0	34,837	34,837	0	104,511	-
2014	2662425	160,326	-	5	0	32,065	32,065	0	160,326	-
2015	2732559	474,109	-	6	0	79,018	79,018	0	474,109	-
2016	3363252	51,649	-	2	0	25,825	25,825	0	51,649	-
2017	4731622	1,392,131	-	4	0	348,033	348,033	0	1,392,131	-
2018	4713463	507,064	-	6	0	84,511	84,511	0	507,064	-
2019	4989617	1,111,215	62,488	8	0	130,411	130,411	0	1,173,703	62,488
2020	6092960	80,000	1,004,727	1	0	180,788	180,788	0	1,084,727	1,004,727
2021	7526883	-	-	-	-	-	-	-	295,006	295,006
Total			**1,067,214**							**1,362,221**

12 Insurance contract liabilities - continued

Gross claim reserving - General Accident

Incremental Chain ladder-Yearly Projections (N'000) (Table of claims paid excluding large claims (Attritional Table))

Accident year	1	2	3	4	5	6	7	8	9	10	11
2008	93,564	117,991	43,719	29,067	24,068	14,124	2,169	-	350	-	1,535
2009	142,888	178,819	32,999	22,321	34,515	14,792	-	119	1,244	1,481	-
2010	103,424	161,672	91,990	24,421	23,990	3,897	2,065	-	2,347	28,330	-
2011	114,804	214,937	46,760	60,251	7,607	12,678	2	1,840	94	-	-
2012	119,637	150,849	106,089	14,296	3,287	3,480	8,660	248	1,664	312	-
2013	70,883	161,350	61,683	25,878	6,697	4,154	839	-	2,942	-	-
2014	103,234	100,861	30,956	4,530	11,375	2,150	1,723	7	-	-	-
2015	153,854	91,909	17,555	48,723	3,803	422	237	-	-	-	-
2016	126,331	145,759	45,263	5,878	4,323	1,307	-	-	-	-	-
2017	100,401	128,739	29,242	12,128	5,599	-	-	-	-	-	-
2018	93,463	148,735	18,867	14,409	-	-	-	-	-	-	-
2019	148,155	124,156	48,575	-	-	-	-	-	-	-	-
2020	145,055	221,948	-	-	-	-	-	-	-	-	-
2021	188,508	-	-	-	-	-	-	-	-	-	-

Cumulative Chain Ladder - Annual projections (N'000)

-

Accident year	1	2	3	4	5	6	7	8	9	10	11
2008	472,864	990,947	1,159,487	1,259,715	1,334,954	1,374,377	1,379,981	1,379,981	1,380,744	1,380,744	1,383,188
2009	627,405	1,316,759	1,430,545	1,500,322	1,596,660	1,634,889	1,634,889	1,635,148	1,637,434	1,639,793	1,639,793
2010	398,704	956,174	1,243,750	1,311,914	1,373,915	1,383,216	1,387,713	1,387,713	1,391,450	1,432,002	1,432,002
2011	395,863	1,067,789	1,198,306	1,354,022	1,372,174	1,399,778	1,399,781	1,402,712	1,402,846	1,402,846	1,402,846
2012	374,004	795,056	1,069,239	1,103,354	1,110,510	1,116,906	1,130,702	1,131,057	1,133,184	1,133,497	1,137,142
2013	197,849	614,851	762,050	818,396	830,703	837,320	838,522	838,522	841,464	842,814	842,814
2014	266,805	507,498	574,901	583,226	601,346	604,423	606,625	606,632	609,875	609,875	609,875
2015	367,154	567,273	599,535	677,146	682,590	683,129	683,366	686,801	686,801	686,801	686,801
2016	275,067	542,934	615,033	623,447	628,973	630,280	647,384	647,736	647,736	647,736	647,736
2017	184,511	389,580	431,438	446,942	452,542	475,726	477,583	477,877	477,877	477,877	477,877
2018	148,879	361,785	385,903	400,312	431,434	439,094	441,027	441,333	441,333	441,333	441,333
2019	212,076	370,785	419,360	449,749	467,915	477,269	479,630	480,004	480,004	480,004	480,004
2020	185,424	407,372	549,389	593,480	619,671	633,158	636,561	637,100	637,100	637,100	637,100
2021	188,508	437,729	525,025	569,744	596,309	609,988	613,440	613,987	613,987	613,987	613,987

Accident year	Exposure / Earned Premium (N'000)	Total Paid Amounts (N'000)	O/S Reported LG Reserve	No. of Large Losses	Claim Frequency	Average Paid Cost (N'000)	Ult Avg Cost	Ultimate Freq	Ultimate Paid Amounts (N'000)	Large Loss Reserves (N'000)
2008	954,044	23,903	-	1	0.00010%	23,903	23,903	0.00010%	23,903	-
2009	954,044	-	-	-	0.00000%	-	-	0.00000%	-	-
2010	954,044	57,572	-	2	0.00021%	28,786	28,786	0.00021%	57,572	-
2011	954,044	95,337	-	9	0.00094%	10,593	10,593	0.00094%	95,337	-
2012	835,123	100,449	-	2	0.00024%	50,225	50,225	0.00024%	100,449	-
2013	1,201,245	26,574	-	1	0.00008%	26,574	26,574	0.00008%	26,574	-
2014	1,159,496	119,330	-	13	0.00112%	9,179	9,179	0.00112%	119,330	-
2015	1,418,197	31,497	-	3	0.00021%	10,499	10,499	0.00021%	31,497	-
2016	1,733,251	124,367	-	4	0.00023%	31,092	31,092	0.00023%	124,367	-
2017	1,381,811	75,042	-	3	0.00022%	25,014	25,014	0.00022%	75,042	-
2018	1,362,222	81,109	-	5	0.00037%	16,222	16,222	0.00037%	81,109	-
2019	1,837,363	99,538	27,000	1	0.00011%	99,538	99,538	0.00011%	126,538	27,000
2020	2,051,688	-	20,000	-	0.00005%	-	-	0.00005%	20,000	20,000
2021	2,264,054	-	137,452	-	0.00000%	-	68,726	0.00000%	187,502	187,502
Total			184,452							234,502
										208,144

Summary of Results						
Accident Year	Paid to date (N,000)	Latest Paid Large Loss (N'000)	Total Ultimate (N'000)	Gross Claims Reserve (N'000)	Gross Earned Premium (N'000)	Ultimate Loss Ratio
2008	1,383,188	23,903	1,407,091	-	954,044	147%
2009	1,639,793	-	1,639,793	-	954,044	172%
2010	1,432,002	57,572	1,489,575	-	954,044	156%
2011	1,402,846	95,337	1,498,183	-	954,044	157%
2012	1,133,497	100,449	1,237,402	3,455	835,123	148%
2013	841,464	26,574	869,318	1,280	1,201,245	72%
2014	606,632	119,330	729,037	3,074	1,159,496	63%
2015	683,366	31,497	718,120	3,256	1,418,197	51%
2016	630,280	124,367	771,162	16,515	1,733,251	44%
2017	452,542	75,042	551,370	23,787	1,381,811	40%
2018	400,312	81,109	519,141	37,720	1,362,222	38%
2019	419,360	99,538	599,202	80,304	1,837,363	33%
2020	407,372	-	631,309	223,938	2,051,688	31%
2021	188,508	-	723,462	534,954	2,264,054	32%
Total				**928,284**		

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

11 Insurance contract liabilities - continued

Gross claim reserving - Engineering

Incremental Chain ladder-Yearly Projections (N'000) (Table of claims paid excluding large claims (Attritional Table))

Accident year	1	2	3	4	5	6	7	8	9	10	11
2008	10,320	18,812	3,234	40	-	-	-	-	-	-	-
2009	10,588	21,981	685	566	8	669	-	-	-	15	-
2010	25,334	27,088	13,545	1,316	916	-	52	-	-	-	-
2011	41,121	37,530	6,827	786	2,160	4	1,272	-	-	-	-
2012	39,982	32,423	11,309	10,862	2,189	9,516	-	1,786	2,159	-	-
2013	34,179	16,546	5,025	771	5,958	-	-	-	-	-	-
2014	32,268	21,790	16,105	67	-	-	-	-	-	-	-
2015	16,793	46,258	8,567	2,154	15	-	-	-	-	-	-
2016	24,725	38,213	6,751	17,357	1,888	1,248	-	-	-	-	-
2017	17,448	48,920	26,757	3,724	6	-	-	-	-	-	-
2018	37,865	56,824	5,676	2,213	-	-	-	-	-	-	-
2019	65,344	34,062	11,868	-	-	-	-	-	-	-	-
2020	34,516	69,094	-	-	-	-	-	-	-	-	-
2021	34,412	-	-	-	-	-	-	-	-	-	-

Cumulative Chain ladder-Annual Projections (N'000)

Accident year	1	2	3	4	5	6	7	8	9	10	11
2008	52,156	134,756	147,223	147,361	147,361	147,361	147,361	147,361	147,361	147,361	147,361
2009	46,490	131,225	133,586	135,355	135,377	137,104	137,104	137,104	137,104	137,127	137,127
2010	97,664	191,068	233,412	237,087	239,455	239,455	239,569	239,569	239,569	239,569	239,569
2011	141,793	259,117	278,171	280,204	285,357	285,367	287,705	287,705	287,705	287,705	287,705
2012	124,989	215,487	244,716	270,635	275,402	292,890	292,890	295,447	298,206	298,206	298,206
2013	95,401	138,163	150,154	151,832	162,782	162,782	162,782	162,782	162,782	163,349	163,349
2014	83,394	135,394	170,461	170,583	170,583	170,583	170,583	170,583	170,583	170,583	170,583
2015	40,075	140,794	156,538	159,970	159,992	159,992	159,992	159,992	159,992	159,992	159,992
2016	53,836	124,062	134,816	159,662	162,075	163,323	163,323	163,323	163,323	163,323	163,323
2017	32,065	109,990	148,291	153,051	153,058	155,104	155,104	155,104	155,104	155,104	155,104
2018	60,315	141,656	148,911	151,124	153,487	155,812	155,812	155,812	155,812	155,812	155,812
2019	93,537	137,079	148,947	155,079	157,818	160,514	160,514	160,514	160,514	160,514	160,514
2020	44,122	113,216	181,836	189,952	193,577	197,144	197,144	197,144	197,144	197,144	197,144
2021	34,412	157,683	181,125	189,675	193,494	197,252	197,252	197,252	197,252	197,252	197,252

Accident year	Exposure / Earned Premium	Total Paid Amounts (N'000)	O/s Reported LG Reserve	No. of Large Losses	Claim Freq	Average Paid Cost (N'000)	Ult Avg Cost	Ultimate Freq	Ultimate Paid Amounts	Large Loss Reserve (N'000)
2008	328,030	-	-	-	0.00000%	-	-	0.00000%	-	-
2009	328,030	-	-	-	0.00000%	-	-	0.00000%	-	-
2010	328,030	52,140	-	2	0.00061%	26,070	26,070	0.00061%	52,140	-
2011	328,030	1,699	-	2	0.00061%	850	850	0.00061%	1,699	-
2012	385,887	77,690	-	4	0.00104%	19,422	19,422	0.00104%	77,690	-
2013	283,277	-	-	-	0.00000%	-	-	0.00000%	-	-
2014	394,657	322,650	-	7	0.00177%	46,093	46,093	0.00177%	322,650	-
2015	533,391	65,410	-	5	0.00094%	13,082	13,082	0.00094%	65,410	-
2016	488,027	92,779	-	1	0.00020%	92,779	92,779	0.00020%	92,779	-
2017	411,656	-	-	-	0.00000%	-	-	0.00000%	-	-
2018	520,219	-	-	-	0.00000%	-	-	0.00000%	-	-
2019	568,295	41,901	-	1	0.00018%	41,901	41,901	0.00018%	41,901	-
2020	626,574	-	20,727	-	0.00016%	-	-	0.00016%	20,727	20,727
2021	653,647	-	-	-	0.00%	-	-	0.00%	24,097	24,097
			20,727							**44,825**
									Discounted*	**40,910**

Summary of Results

Accident Year	Paid to date (N,000)	Latest Paid Large Loss (N'000)	Total Ultimate (N'000)	Gross Claims Reserve (N'000)	Gross Earned Premium (N'000)	Ultimate Loss Ratio
2008	147,361	-	147,361	-	328,030	45%
2009	137,127	-	137,127	-	328,030	42%
2010	239,569	52,140	291,708	-	328,030	89%
2011	287,705	1,699	289,404	-	328,030	88%
2012	298,206	77,690	375,896	-	385,887	97%
2013	162,782	-	163,320	538	283,277	58%
2014	170,583	322,650	493,234	-	394,657	125%
2015	159,992	65,410	225,402	-	533,391	42%
2016	163,323	92,779	256,103	-	488,027	52%
2017	153,058	-	154,998	1,940	411,656	38%
2018	151,124	-	155,345	4,221	520,219	30%
2019	148,947	41,901	201,059	10,211	568,295	35%
2020	113,216	-	211,141	97,924	626,574	34%
2021	34,412	-	202,928	168,516	653,647	31%
Total				283,350		

12 Insurance contract liabilities - continued

Gross claim reserving - Motor

Incremental Chain ladder-Yearly Projections (N'000) (Table of claims paid excluding large claims (Attritional Table))

Accident Year	1	2	3	4	5	6	7	8	9	10	11
2008	507,461	204,505	22,153	22,657	1,761	4,242	863	-	-	-	-
2009	569,042	238,715	38,021	18,622	5,096	3,554	-	-	-	-	-
2010	473,569	307,040	53,176	12,395	2,877	-	-	-	40	-	-
2011	609,346	278,893	33,978	7,180	-	-	-	-	-	-	450
2012	560,502	218,623	21,106	331	1,564	-	-	40	-	-	-
2013	654,322	206,000	11,291	795	868	20	25	-	-	-	-
2014	753,530	129,455	3,290	321	242	-	1,087	-	-	-	-
2015	813,262	202,678	6,740	3,496	-	-	-	-	-	-	-
2016	883,565	215,311	9,241	1,333	-	2,422	-	-	-	-	-
2017	911,733	197,368	10,083	-	1,402	-	-	-	-	-	-
2018	816,536	142,904	5,824	-	-	-	-	-	-	-	-
2019	873,149	172,568	34,041	-	-	-	-	-	-	-	-
2020	869,945	297,072	-	-	-	-	-	-	-	-	-
2021	1,245,884	-	-	-	-	-	-	-	-	-	-

Projected Inflation Adjusted Chain ladder (discounted results -Annual projections (N'000))

Cumulative Chain Ladder-Annual Projections (N'000)

Accident year	1	2	3	4	5	6	7	8	9	10	11
2008	2,564,658	3,462,615	3,548,015	3,626,139	3,631,646	3,643,485	3,645,714	3,645,714	3,645,714	364571400%	3,645,714
2009	2,498,598	3,418,852	3,549,954	3,608,170	3,622,393	3,631,577	3,631,577	3,631,577	3,631,577	3,631,577	3,631,577
2010	1,825,622	2,884,341	3,050,578	3,085,175	3,092,610	3,092,610	3,092,610	3,092,610	3,092,674	3,092,674	3,092,674
2011	2,101,118	2,972,980	3,067,821	3,086,377	3,086,377	3,086,377	3,086,377	3,086,377	3,086,377	3,086,377	3,086,827
2012	1,752,215	2,362,438	2,416,984	2,417,774	2,421,179	2,421,179	2,421,179	2,421,236	2,421,236	2,421,236	2,421,236
2013	1,826,350	2,358,748	2,385,693	2,387,424	2,389,019	2,389,051	2,389,087	2,389,087	2,389,087	2,389,087	2,389,087
2014	1,947,465	2,256,394	2,263,558	2,264,148	2,264,533	2,264,533	2,265,923	2,265,923	2,265,923	2,265,923	2,265,923
2015	1,940,757	2,382,060	2,394,447	2,400,016	2,400,016	2,400,016	2,400,016	2,400,016	2,400,016	2,400,016	2,400,016
2016	1,923,836	2,319,523	2,334,244	2,336,152	2,336,152	2,338,574	2,338,574	2,338,574	2,338,574	2,338,574	2,338,574
2017	1,675,531	1,989,922	2,004,355	2,004,355	2,005,757	2,008,341	2,008,341	2,008,341	2,008,341	2,008,341	2,008,341
2018	1,300,670	1,505,229	1,512,674	1,512,674	1,514,816	1,514,816	1,514,816	1,514,816	1,514,816	1,514,816	1,514,816
2019	1,249,865	1,470,459	1,504,500	1,516,476	1,518,912	1,518,912	1,518,912	1,518,912	1,518,912	1,518,912	1,518,912
2020	1,112,055	1,409,127	1,497,476	1,510,910	1,513,642	1,513,642	1,513,642	1,513,642	1,513,642	1,513,642	1,513,642
2021	1,245,884	1,509,189	1,551,268	1,566,758	1,569,908	1,569,908	1,569,908	1,569,908	1,569,908	1,569,908	1,569,908

Reserve For Large Losses

Accident Year	Exposure / Earned Premium	Total Amount (N'000)	0/s Reposed LG Reserve	No. of Large Losses	Claim Frequency	Average Paid Cost (N'0O0)	Ult Avg Cost	Ultimate Freq	Ultimate Paid Amounts (N'000)	Large Loss Reserves (N'000)
2008	1,414,954	53,897	-	5.00	0.00%	10,779	10,779	0	53,897	-
2009	1,414,954	34,239	-	3.00	0.00%	11,413	11,413	0	34,239	-
2010	1,414,954	45,122	-	3.00	0.00%	15,041	15,041	0	45,122	-
2011	1,414,954	73,332	-	5.00	0.00%	14,666	14,666	0	73,332	-
2012	*1,693,838*	*34,079*	-	4.00	0.00%	*8,520*	8,520	0	34,079	-
2013	*2,061,524*	*64,637*	-	6.00	0.00%	*10,773*	10,773	0	64,637	-
2014	2,534,137	10,083	-	1.00	0.00%	10,083	10,083	0	10,083	-
2015	2,369,361	98,820	-	18.00	0.00%	5,490	5,490	0	98,820	-
2016	2,451,788	86,841	-	13.00	0.00%	6,680	6,680	0	86,841	-
2017	2,458,016	103,799	-	11.00	0.00%	9,436	9,436	0	103,799	-
2018	2,453,988	79,931	-	7.00	0.00%	11,419	11,419	0	79,931	-
2019	2,733,523	133,398	-	15.00	0.00%	8,893	8,893	0	133,398	-
2020	3,182,841	134,954	-	18.00	0.00%	7,497	7,497	0	134,954	-
2021	3,428,551	-	83,343	-	0.00%	-	41,671	0	145,199	145,199
Total			**83,343**							**145,199**

Summary of Results

Accident Year	Paid to date	Latest Paid Large Loss (N'000)	Total Ultimate (N'000)	Gross Claims Reserve (N'000)	Gross Earned Premium (N'000)	Ultimate Loss Ratio
2008	3,645,714	53,897	3,699,611	-	1,414,954	261%
2009	3,631,577	34,239	3,665,816	-	1,414,954	259%
2010	3,092,674	45,122	3,137,796	-	1,414,954	222%
2011	3,086,827	73,332	3,160,159	-	1,414,954	223%
2012	2,421,236	34,079	2,455,315	-	1,693,838	145%
2013	2,389,087	64,637	2,453,724	-	2,061,524	119%
2014	2,265,923	10,083	2,276,006	-	2,534,137	90%
2015	2,400,016	98,820	2,498,836	-	2,369,361	105%
2016	2,338,574	86,841	2,425,416	-	2,451,788	99%
2017	2,005,757	103,799	2,112,005	2,450	2,458,016	86%
2018	1,512,674	79,931	1,594,636	2,031	2,453,988	65%
2019	1,504,500	133,398	1,651,326	13,429	2,733,523	60%
2020	1,409,127	134,954	1,641,374	97,293	3,182,841	52%
2021	1,245,884	-	1,679,879	433,995	3,428,551	49%
Total				483,639		

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

12 Insurance contract liabilities - continued

Gross claim reserving - Marine

Incremental Chain ladder-Yearly Projections (N'000) (Table of claims paid excluding large claims (Attritional Table))

Accident Year	1	2	3	4	5	6	7	8	9	10	11
2008	60,705	38,216	8,058	3,728	66	-	3,640	-	-	-	-
2009	42,659	60,540	14,796	330	65	-	-	-	-	-	-
2010	61,564	49,384	3,763	3,519	-	-	-	-	-	-	-
2011	130,414	115,549	20,498	3,831	-	-	-	-	-	-	-
2012	115,319	106,445	14,829	-	-	-	-	-	-	-	-
2013	73,632	73,428	14,419	-	2,880	14	-	-	-	-	-
2014	116,891	47,890	16,292	5,333	16	-	-	256	-	-	-
2015	109,572	95,168	11,946	1,178	145	-	-	-	-	-	-
2016	64,212	67,377	6,801	-	-	-	-	-	-	-	-
2017	67,681	64,828	9,275	1,308	-	-	-	-	-	-	-
2018	64,869	91,951	20,200	49,935	-	-	-	-	-	-	-
2019	106,440	82,996	19,927	-	-	-	-	-	-	-	-
2020	39,237	118,017	-	-	-	-	-	-	-	-	-

Projected Inflation Adjusted Chain ladder (discounted results -Annual projections (N'000))

Accident Year	1	2	3	4	5	6	7	8	9	10	11
2008	306,798	474,600	505,664	518,517	518,722	518,722	528,130	528,130	528,130	528,130	528,130
2009	187,310	420,695	471,713	472,745	472,928	472,928	472,928	472,928	472,928	472,928	472,928
2010	237,332	407,616	419,379	429,200	429,200	429,200	429,200	429,200	429,200	429,200	429,200
2011	449,686	810,910	868,124	878,025	878,025	878,025	878,025	878,025	878,025	878,025	878,025
2012	360,504	657,614	695,939	695,939	695,939	695,939	695,939	695,939	695,939	695,939	695,939
2013	205,523	395,294	429,703	429,703	434,996	435,018	435,018	435,018	435,018	435,018	435,018
2014	302,101	416,386	451,858	461,658	461,683	461,683	461,683	461,939	461,939	461,939	461,939
2015	261,482	468,697	490,651	492,527	492,734	492,734	492,734	492,734	492,734	492,734	492,734
2016	139,812	263,634	274,468	274,468	274,468	274,468	274,468	274,468	274,468	274,468	274,468
2017	124,380	227,645	240,922	242,595	242,595	247,053	247,053	247,053	247,053	247,053	247,053
2018	103,331	234,954	260,776	310,711	319,022	319,022	319,022	319,022	319,022	319,022	319,022
2019	152,364	258,458	278,385	298,474	298,868	298,868	298,868	298,868	298,868	298,868	298,868
2020	50,157	168,173	271,800	277,321	277,686	277,686	277,686	277,686	277,686	277,686	277,686
2021	74,931	198,367	212,881	217,201	217,486	217,486	217,486	217,486	217,486	217,486	217,486

Reserve for Large Losses

Accident Year	Exposure / Earned Premium (N'000)	Total Paid Amount (N'000)	O/S Reposed LG Reserve	No. of Large Losses	Claim Freq	Average Paid Cost (N'000)	Ult Avg Cost	Ultimate Freq	Ultimate Paid Amount (N'000)	Large Loss Reserves (N'000)
2008	829,549	114,804	-	5	0.00060%	22,961	22,961	0.00060%	114,804	-
2009	829,549	23,045	-	1	0.00012%	23,045	23,045	0.00012%	23,045	-
2010	829,549	-	-	-	0.00000%	-	-	0.00000%	-	-
2011	829,549	51,007	-	2	0.00024%	25,504	25,504	0.00024%	51,007	-
2012	460,425	572,475	-	6	0.00130%	95,413	95,413	0.00130%	572,475	-
2013	1,169,328	20,064	-	1	0.00009%	20,064	20,064	0.00009%	20,064	-
2014	1,012,106	393,583	-	6	0.00059%	65,597	65,597	0.00059%	393,583	-
2015	995,999	46,673	-	4	0.00040%	11,668	11,668	0.00040%	46,673	-
2016	765,664	-	-	-	0.00000%	-	-	0.00000%	-	-
2017	990,821	100,870	-	3	0.00030%	33,623	33,623	0.00030%	100,870	-
2018	793,735	34,963	-	2	0.00025%	17,481	17,481	0.00025%	34,963	-
2019	982,526	36,853	-	1	0.00010%	36,853	36,853	0.00010%	36,853	-
2020	1,103,865	-	-	-	0.00000%	-	-	0.00010%	-	-
Total	1,400,937	-	-	-	0.00%	-	-	0.00%	16,637	16,637
			-							16,637
									Discounted*	**15,580**

Gross IBNR & ULR Results

Summary of Results - Gross IBNR & ULR

Accident Year	Paid to date	Latest Paid Large Loss (N'000)	Total Ultimate (N'000)	Gross Claims Reserve (N'000)	Gross Earned Premium (N'000)	Ultimate Loss Ratio
2008	528,130	114,804	642,934	-	829,549	78%
2009	472,928	23,045	495,973	-	829,549	60%
2010	429,200	-	429,200	-	829,549	52%
2011	878,025	51,007	929,032	-	829,549	112%
2012	695,939	572,475	1,268,415	-	460,425	275%
2013	435,018	20,064	455,082	-	1,169,328	39%
2014	461,939	393,583	855,523	-	1,012,106	85%
2015	492,734	46,673	539,407	-	995,999	54%
2016	274,468	-	274,468	-	765,664	36%
2017	242,595	100,870	347,923	4,459	990,821	35%
2018	310,711	34,963	353,985	8,311	793,735	45%
2019	278,385	36,853	335,720	20,483	982,526	34%
2020	168,173	-	277,686	109,512	1,103,865	25%
2021	74,931	-	233,066	158,135	1,400,937	17%
Total				**300,900**		

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

12 Insurance contract liabilities - continued

Gross claim reserving - Oil & Gas

Expected Loss Ratio Method Table

Accident Year	Gross Earned Premium (N'000)	Claims Paid till date (N'000)	Total O/S as at 31 Dec 2020 (N'000)	Current Incurred (N'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (N'000)	O/S Claim Reserves (N'000)
2008	684,534	3,592	-	3,592	1%	1%	3,592	-
2009	1,984,218	135,019	-	135,019	7%	7%	135,019	-
2010	10,031,505	280,612	-	280,612	3%	3%	280,612	-
2011	5,498,418	1,358,826	373	1,359,198	25%	25%	1,359,198	373
2012	7,231,193	1,899,027	6,165	1,905,192	26%	26%	1,905,192	6,165
2013	13,276,573	922,978	-	922,978	7%	7%	922,978	-
2014	8,213,427	170,568	-	170,568	2%	2%	170,568	-
2015	8,414,832	661,109	1,213	662,322	8%	8%	662,322	1,213
2016	7,490,611	862,550	73,161	935,711	12%	12%	935,711	73,161
2017	9,612,977	4,618,530	6,246	4,624,776	48%	48%	4,624,776	6,246
2018	12,553,206	333,652	28,832	362,484	3%	3%	362,484	28,832
2019	13,888,032	203,815	35,760	239,575	2%	2%	288,412	84,596
2020	18,826,148	18,432	47,584	66,016	0%	2%	390,961	372,529
2021	18,187,552	24,373	32,054	56,427	0%	2%	451,440	427,067
Total			231,389					1,000,183
							Discounted	826,618

Gross claim reserving - Bond

Expected Loss Ratio Method Table

Accident Year	Gross Earned Premium (N' 000)	Claims Paid till date (N' 000)	Total O/S as at 31 Oct 2020 (N'000)	Current Incurred (N'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (N'000)	O/S Claim Reserves (N'000)
2008	-	-	-	-	0%	0%	-	-
2009	-	-	-	-	0%	0%	-	-
2010	-	-	-	-	0%	0%	-	-
2011	53,249	-	-	-	0%	0%	-	-
2012	53,249	-	-	-	0%	0%	-	-
2013	53,249	-	-	-	0%	0%	-	-
2014	5,938	-	-	-	0%	0%	-	-
2015	5,090	-	-	-	0%	0%	-	-
2016	5,946	53	-	53	1%	1%	53	-
2017	6,450	602	-	602	9%	9%	602	-
2018	6,016	557	-	557	9%	9%	557	-
2019	5,835	728	54	782	13%	14%	840	112
2020	5,321	249	-	249	5%	5%	272	23
2021	13,038	-	-	-	0%	6%	846	846
Total			54					982

Gross claim reserving - Aviation

Expected Loss Ratio Method Table

Accident Year	Gross Earned Premium (N' 000)	Claims Paid till date (N' 000)	Total O/S as at 31 Oct 2020 (N'000)	Current Incurred (N'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (N'000)	O/S Claim Reserves (N'000)
2008	-	-	-	-	0%	0%	-	-
2009	-	-	-	-	0%	0%	-	-
2010	-	-	-	-	0%	0%	-	-
2011	20,869	-	-	-	0%	0%	-	-
2012	20,869	-	-	-	0%	0%	-	-
2013	20,869	36,659	-	36,659	176%	176%	36,659	-
2014	20,869	53,774	-	53,774	258%	258%	53,774	-
2015	20,869	3,653	-	3,653	18%	18%	3,653	0
2016	20,869	6	-	6	0%	0%	6	-
2017	63,968	-	999	999	2%	2%	999	999
2018	349,344	68	1,320	1,387	0%	0%	1,387	1,320
2019	172,952	97,360	2,692	100,052	58%	58%	100,052	2,692
2020	193,934	5,634	-	5,634	3%	4%	7,574	1,939
2021	280,519	-	2,548	2,548	1%	3%	9,561	9,561
Total			7,559					16,512

13 Trade payables

	31-Dec-2021 ₦'000	31-Dec-2020 ₦'000
Reinsurance payable	507,945	460,437
Commission payable (Note 13.1)	2,077,560	1,058,691
Premium deposit (Note 13.2)	4,366,048	572,971
	6,951,553	**2,092,099**

All amounts are payable within one year.

13.1 *Commission payable*

Due to agents	33,458	29,199
Due to brokers	1,625,111	887,551
Due to insurance companies	418,991	141,941
	2,077,560	1,058,691

13.2 *Premium deposit*

For cashflow purpose, premium deposit received in any reporting year is taken into consideration when determining the cash flow for the premium received from policyholders for the subsequent year.

14 Other payables and accruals

	31-Dec-2021 ₦'000	31-Dec-2020 ₦'000
Accrued expenses (Note 14.1)	573,208	320,175
Intercompany payables (Note 38.3)	59,369	514,600
Statutory payables (Note 14.2)	467,899	242,404
Survey fees payables (Note 14.3)	320,809	247,443
Other payables (Note 14.4)	71,857	328,701
	1,493,142	**1,653,323**

14.1 Accrued expenses

Audit fee	7,095	7,095
Fees and subscriptions	19,780	16,413
NAICOM levy	293,486	97,110
Corporate branding expenses	24,218	14,599
Performance bonus	185,039	151,835
General welfare and entertainment	33,772	26,213
Other accruals	9,818	6,910
	573,208	320,175

14.2 Statutory payables

Withholding tax due to Federal government	87,139	47,499
Value added tax payables	4,444	-
Nigerian content development levy	374,515	193,890
Withholding tax due to State government	1,801	1,015
	467,899	242,404

14.3 Survey fees payable are fees payable to external consultants for inspection and survey services rendered in the course of underwriting engineering, oil and gas and other special risk policies.

14.4 Other payables relates to amounts due to suppliers and service providers in respect of services rendered.

15 Deferred Income

	Rent ₦'000	Deferred commission ₦'000	Total ₦'000
At 1 January 2020	55,750	326,417	382,167
Additions during the year	66,500	1,556,636	1,623,136
Credit to profit or loss (Note 26 and 22)	(77,750)	(1,650,205)	(1,727,955)
At 31 December 2020	44,500	232,848	277,348
Additions during the year	66,500	1,670,186	1,736,686
Credit to profit or loss (Note 26 and 22)	(77,750)	(1,610,329)	(1,688,079)
At 31 December 2021	**33,250**	**292,705**	**325,955**

Deferred income consists of rental income received in advance on investment properties leased by the Company to third parties, and commissions received in advance. These are released to income in-line with the terms of the individual contract that it relates to.

16 Income taxes

16.1 *Per Statement of profit or loss and other comprehensive*	2021 ₦'000	2020 ₦'000
- Recognised in profit or loss:		
Income tax	299,058	393,847
Tertiary Education tax	45,876	3,043
Information technology development levy (NITDA)	50,229	42,201
Current tax charge for the year	395,163	439,091
Deferred tax (credit)/charge	185,516	139,276
Income tax expense	**580,679**	**578,367**

16.2 ***Current income tax payable as per statement of financial position:***

		31-Dec-2021	31-Dec-2020
At 1 January		878,769	898,023
Charge for the year		395,163	439,091
Withholding tax credit	Note 6.3	-	(13,322)
Payment during the year		(437,140)	(445,023)
At 31 December		**836,792**	**878,769**

The charge for income tax in these financial statements is based on the provisions of the Finance Act 2021 which amended some sections of the Companies Income Tax Act, CAP C21 LFN 2004 as amended and Education Tax Act, CAP E4 LFN 2004.

16 Income taxes

16.3 *Reconciliation of income tax expense*

The income tax expense of the Company for the year can be reconciled to the accounting profits as follows:	2021 ₦'000	2020 ₦'000
Profit before income tax expense	5,022,684	4,255,453
Income tax expense calculated at 30%	1,506,805	1,276,636
Effect of income that is exempt from taxation	(1,528,506)	(1,859,310)
Effect of expenses not tax deductible	276,763	309,181
Effect of minimum tax	227,748	806,410
Education tax	45,876	3,043
Information technology development levy (NITDA)	50,229	42,202
Tax rate differential on fair value gains on investment properties	1,765	205
Company income tax	580,679	578,367
Effective tax rate	12%	14%

The tax rate applied for the 2021 and 2020 reconciliations above is the corporate tax rate of 30% and payable by the Company. Education tax of 2.5% (2020:2%) is applied on the assessable profits.

17 Deferred tax liabilities

	31-Dec-2021 ₦'000	31-Dec-2020 ₦'000
Fair value gains on investment properties	137,466	135,701
Unrealised exchange gains on financial assets at amortised costs	696,702	513,154
Accelerated depreciation for tax purposes	54,505	39,642
Impairment of financial assets:		
Impairment of cash and cash equivalents	(51,249)	(21,218)
Impairment of debt instruments at amortised cost	(82,696)	(94,802)
Impairment of other receivables	(911)	(4,177)
Total impairment of financial assets	(134,856)	(120,197)
Deferred tax liabilities	**753,816**	**568,300**

Reconciliation of deferred tax liabilities is as shown below:

At 1 January	568,300	429,024
Amounts recorded in profit or loss (Note 16)	185,516	139,276
At 31 December	753,816	568,300

Per Statement of profit or loss and other comprehensive

	2021 ₦'000	2020 ₦'000
Fair value gains on investment properties	1,765	(205)
On unrealised exchange (loss)/gains	183,548	163,254
Accelerated depreciation for tax purposes	14,863	3,353
Write-back/impairment of financial assets	(14,659)	(27,125)
	185,516	139,276

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

18 Share capital and premium

	31-Dec-2021 ₦'000	31-Dec-2020 ₦'000
18.1 Authorised share capital		
24,000,000,000 ordinary shares at 50 kobo each	12,000,000	12,000,000

18.2 Issued and paid up capital comprises:

14,000,000,000(2020: 14,000,000,000) fully paid ordinary shares at 50 Kobo each

	2021		2020	
	Share Capital	Share Premium	Share Capital	Share Premium
	₦'000	₦'000	₦'000	₦'000
Balance at 1 January	7,000,000	84,607	3,500,000	84,607
Issue of shares during the year	-	-	3,500,000	-
Balance at 31 December	7,000,000	84,607	7,000,000	84,607

In October 2020, the company issued bonus shares of one new share for every existing share held at 50kobo (fifty kobo) ranking in all respect pari passu with the existing shares of the company through the capitalisation of retained earnings.

19 Reserves

The nature and purpose of the reserves in equity are as follows:

19.1 Statutory contingency reserve:

The solvency regulations in Nigeria require the Company to establish a contingency reserve to be utilised against abnormal future losses arising in certain classes of business. The regulations prescribed that the reserve is increased every year by an amount that is calculated as a percentage of higher of: 3% of the total premium and 20% of net profits for the year until it reaches the amount of the minimum paid-up capital or 50 per centum of the net premiums (whichever is greater)" in accordance with Section 21(2) of the Insurance Act 2003.

	31-Dec-2021 ₦'000	31-Dec-2020 ₦'000
Required annual transfers:		
Total premium	34,437,522	31,587,929
Net profit	5,022,684	4,255,453
The higher of the below:		
3% of total gross premium	1,033,126	947,638
20% of net profit	1,004,537	851,091
Transfer to contingency reserves	1,033,126	947,638
Maximum limit:		
50% of Net premium	5,213,160	4,607,183
Minimum paid up capital	3,000,000	3,000,000
Movement in contingency reserve:		
As at 1 January	9,394,735	8,447,097
Transfer from retained earnings	605,265	947,638
As at 31 December	**10,000,000**	**9,394,735**

In 2021, transfer from retained earnings to statutory contingency reserve was limited to ₦605milion given that the company had exceeded the statutory limit of 50% of net premium. The company had been appropriating retained earnings to its statutory contingency reserve over the years in view of the proposed recapitalization plan which was eventually put on hold.

19 Reserves - continued

19.2 Retained earnings:

Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves noted below.

	31-Dec-2021 ₦'000	31-Dec-2020 ₦'000
As at 1 January	3,793,640	6,642,715
Profit for the year	4,442,005	3,677,086
Distributions made and proposed	(2,660,000)	(2,100,000)
Transfer to contingency reserves (Note 19.3)	(605,265)	(947,638)
Issue of bonus shares (Note 18)	-	(3,500,000)
Transfer to fair value reserves (Note 19.2)	-	21,477
As at 31 December	**4,970,380**	**3,793,640**

19.3 Fair value reserve:

The fair value reserve comprise the net cumulative change in the fair value of financial assets measured at fair value through other comprehensive income.

	31-Dec-2021 ₦'000	31-Dec-2020 ₦'000
As at 1 January	261,924	192,516
Net gain on equity instruments designated at fair value through other comprehensive income(Note 31)	115,010	90,885
Transfer to retained earnings (Note 19.1)	-	(21,477)
As at 31 December	**376,934**	**261,924**

19.3a *Reconciliation of fair value gain reclassified to retained earnings*

In 2020 financial year, Investment in Nigeria liability Insurance pool was disposed at the end of the pool term (2015-2019). The exit settlement was based on the valuation of the pool as conducted by the pool's management.

	2021 ₦'000	*2020* ₦'000
Cost at initial recognition of Financial assets at FVOCI	-	2,181
Accumulated fair value gain prior to derecognition	-	21,477
Carrying amount of financial assets at FVOCI at derecognition date	-	23,658
Profit on disposal of financial asset at FVOCI	-	-
Proceeds from disposal of financial assets at FVOCI	-	23,658
Accumulated fair value gain prior to derecognition	-	21,477
Profit on disposal of financial asset at FVOCI	-	-
Fair value gains reclassified to retained earnings	-	21,477

REVENUE ACCOUNT	Motor ₦'000	Accident ₦'000	Bond ₦'000	Marine ₦'000	Aviation ₦'000	Fire ₦'000	Engineering ₦'000	Oil & Energy ₦'000	Total 2021 ₦'000
Gross premium written	3,538,297	2,373,088	20,019	1,415,811	268,457	8,150,471	563,993	18,107,386	34,437,522
Decrease/(Increase) in unearned premium reserve	(109,746)	(109,034)	(6,981)	(14,874)	12,062	(623,588)	89,654	80,165	(682,342)
Premium written:									
Insurance premium revenue	3,428,551	2,264,054	13,038	1,400,937	280,519	7,526,883	653,647	18,187,551	33,755,180
Reinsurance cost									
Local reinsurance cost	88,024	994,612	2,356	539,561	42,860	5,644,231	415,606	13,926,950	21,654,200
Foreign reinsurance cost	-	-	-	-	-	-	-	1,674,660	1,674,660
Total reinsurance cost	88,024	994,612	2,356	539,561	42,860	5,644,231	415,606	15,601,610	23,328,860
Net insurance premium revenue	3,340,527	1,269,442	10,682	861,376	237,659	1,882,652	238,041	2,585,941	10,426,320
Fee and commission income	9,524	115,469	641	99,680	-	473,918	93,739	817,358	1,610,329
Net Underwriting Income	**3,350,051**	**1,384,911**	**11,323**	**961,056**	**237,659**	**2,356,570**	**331,780**	**3,403,299**	**12,036,649**
Insurance claims and claims expenses	1,644,484	654,529	370	269,828	(5,316)	3,119,089	148,876	478,078	6,309,938
Insurance claims and claims expenses recovered and	(111,856)	(16,680)	(41)	(138,330)	-	(1,356,944)	(83,347)	70,057	(1,637,141)
Net insurance benefits and claims	**1,532,628**	**637,849**	**329**	**131,498**	**(5,316)**	**1,762,145**	**65,529**	**548,135**	**4,672,797**
Underwriting Expenses:									
Acquisition	362,307	372,473	433	279,038	44,391	748,815	125,448	651,549	2,584,454
Maintenance	71,744	18,187	61	44,773	826	73,585	4,141	145,226	358,543
Total underwriting expenses	**1,966,679**	**1,028,509**	**823**	**455,309**	**39,901**	**2,584,545**	**195,118**	**1,344,910**	**7,615,794**
Underwriting Profit/(loss)	**1,383,372**	**356,402**	**10,500**	**505,747**	**197,758**	**(227,975)**	**136,662**	**2,058,389**	**4,420,855**

CUSTODIAN AND ALLIED INSURANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

REVENUE ACCOUNT - continued

	Motor ₦'000	Accident ₦'000	Bond ₦'000	Marine ₦'000	Aviation ₦'000	Fire ₦'000	Engineering ₦'000	Oil & Energy ₦'000	Total 2020 ₦'000
Gross Premiums written	3,272,946	2,120,555	7,106	1,188,049	154,643	6,201,612	386,797	18,256,221	31,587,929
Decrease/(Increase) in unearned premium reserve	(90,105)	(68,867)	(1,785)	(84,184)	39,291	(108,652)	239,777	569,927	495,402
Premium Written:									
Insurance Premium Revenue	3,182,841	2,051,688	5,321	1,103,865	193,934	6,092,960	626,574	18,826,148	32,083,331
Reinsurance costs									
Local reinsurance cost	165,369	842,069	1,492	385,025	59,090	4,573,139	371,707	14,742,297	21,140,188
Foreign reinsurance cost	-	-	-	-	-	-	-	1,728,778	1,728,778
Total reinsurance cost	165,369	842,069	1,492	385,025	59,090	4,573,139	371,707	16,471,075	22,868,966
Net insurance premium revenue	3,017,472	1,209,619	3,829	718,840	134,844	1,519,821	254,867	2,355,073	9,214,365
Fee and commission income	18,438	109,332	419	61,748	9,855	402,813	86,019	961,581	1,650,205
Net Underwriting Income	**3,035,910**	**1,318,951**	**4,248**	**780,588**	**144,699**	**1,922,634**	**340,886**	**3,316,654**	**10,864,570**
Insurance claims and claims expenses	1,321,183	673,738	695	295,362	2,421	1,955,071	67,088	1,687,287	6,002,845
Insurance claims and claims expenses recovered and recoverable from reinsurers	(91,957)	(77,208)	(427)	(207,367)	1,695	(1,162,364)	(101,285)	(282,232)	(1,921,145)
Net insurance benefits and claims	**1,229,226**	**596,530**	**268**	**87,995**	**4,116**	**792,707**	**(34,197)**	**1,405,055**	**4,081,700**
Underwriting Expenses:									
Acquisition	338,249	337,875	639	197,695	29,579	611,372	118,620	812,037	2,446,066
Maintenance	72,791	15,889	34	28,181	381	46,282	6,284	100,963	270,805
Total underwriting expenses	**1,640,266**	**950,294**	**941**	**313,871**	**34,076**	**1,450,361**	**90,707**	**2,318,055**	**6,798,571**
Underwriting Profit	**1,395,644**	**368,657**	**3,307**	**466,717**	**110,623**	**472,273**	**250,179**	**998,599**	**4,065,999**

20 Net insurance premium income

	2021 ₦'000	2020 ₦'000
Insurance premium income		
Gross premium written	34,437,522	31,587,929
Change in unearned premiums (Note 12.2)	(682,342)	495,402
Gross earned premiums	**33,755,180**	**32,083,331**

21 Reinsurance expenses

	2021 ₦'000	2020 ₦'000
Gross written reinsurance premiums (Note 4.1)	23,970,511	21,738,900
Change in reinsurance unearned premiums (Note 12.2)	(641,651)	1,130,066
Reinsurers' share of gross earned premiums	**23,328,860**	**22,868,966**
Net insurance premium income	**10,426,320**	**9,214,365**

22 Fees and commission income

Reinsurance commissions and profit commissions

	2021 ₦'000	2020 ₦'000
Fire	473,918	402,813
Accident	115,469	109,332
Engineering	93,739	86,019
Marine	99,680	61,748
Oil & Energy	817,358	961,581
Motor	9,524	18,438
Aviation	-	9,855
Bond	641	419
	1,610,329	**1,650,205**

23 Insurance claims and benefit paid

Analysis of Net Claims Expenses

	2021			2020		
	Gross claims incurred ₦'000	Reinsurance recoverable ₦'000	Net ₦'000	Gross claims incurred ₦'000	Reinsurance recoverable ₦'000	Net ₦'000
Motor	1,644,484	(111,856)	1,532,628	1,321,183	(91,957)	1,229,226
Accident	654,529	(16,680)	637,849	673,738	(77,208)	596,530
Bond	370	(41)	329	695	(427)	268
Fire	3,119,089	(1,356,944)	1,762,145	1,955,071	(207,367)	1,747,704
Marine	269,828	(138,330)	131,498	295,362	1,695	297,057
Aviation	(5,316)	-	(5,316)	2,421	(1,162,364)	(1,159,943)
Engineering	148,876	(83,347)	65,529	67,088	(101,285)	(34,197)
Oil & Energy	478,078	70,057	548,135	1,687,287	(282,232)	1,405,055
	6,309,938	(1,637,141)	4,672,797	6,002,845	(1,921,145)	4,081,700

The insurance claims comprise of claims paid, claims expenses paid including loss adjuster fees and the movement in the insurance fund liability. The insurance fund liability is adjusted to reflect the movement in the estimated claims liabilities as determined by the actuary. The effect of the adjustment is reflected in the profit or loss. The effect of the movement in the insurance fund on the claims expenses is stated in the following Note 23.1.

23 Insurance claims and benefit paid - continued

23.1 Analysis of gross benefit and claims expenses

The effect of the movement in the insurance fund on the claims expenses is stated below:

	2021			2020		
	Gross		Net			Net
	Gross claims and benefit paid ₦'000	Changes in outstanding claims and IBNR ₦'000	Total claims incurred ₦'000	Gross claims and benefit paid ₦'000	Changes in outstanding claims and IBNR ₦'000	Total claims incurred ₦'000
Motor	1,578,925	65,559	1,644,484	1,230,469	90,714	1,321,183
Accident	472,782	181,747	654,529	406,891	266,847	673,738
Bond	33	337	370	688	7	695
Fire	2,735,684	383,405	3,119,089	1,219,533	735,538	1,955,071
Marine	263,066	6,762	269,828	180,594	114,768	295,362
Aviation	-	(5,316)	(5,316)	5,634	(3,213)	2,421
Engineering	117,730	31,146	148,876	216,705	(149,617)	67,088
Oil & Energy	477,555	523	478,078	2,390,196	(702,909)	1,687,287
	5,645,775	664,163	6,309,938	5,650,710	352,135	6,002,845

Insurance recovered and recoverable consists of actual amount recovered from the reinsurers and also the effect of the movement in the reinsurance assets. The reinsurance asset is adjusted to reflect the movement in the estimated amount recoverable from the reinsurers based on the estimate computed by the actuary.

23 Insurance claims and benefit paid - continued

23.2 Analysis of claims expenses ceded to reinsurers

The effect of the movement in the reinsurance assets on the amount insurance claims and claims expenses recovered and recoverable from reinsurers.

	2021			2020		
	Recoveries ₦'000	Changes in reinsurance share of claims and IBNR ₦'000	Total claims incurred ₦'000	Recoveries ₦'000	Changes in reinsurance share of claims and IBNR ₦'000	Total claims incurred ₦'000
Motor	(97,701)	(14,155)	(111,856)	(59,706)	(32,251)	(91,957)
Accident	(27,303)	10,623	(16,680)	(34,705)	(42,503)	(77,208)
Bond	(39)	(2)	(41)	(239)	(188)	(427)
Fire	(1,129,840)	(227,104)	(1,356,944)	(667,476)	460,109	(207,367)
Marine	(155,910)	17,580	(138,330)	(121,064)	122,759	1,695
Aviation	-	-	-	-	(1,162,364)	(1,162,364)
Engineering	(63,775)	(19,572)	(83,347)	(129,489)	28,204	(101,285)
Oil & Energy	(117,040)	187,097	70,057	(772,578)	490,346	(282,232)
	(1,591,608)	(45,533)	(1,637,141)	(1,785,257)	(135,888)	(1,921,145)

24 Underwriting expense

This is made up of both acquisition and maintenance costs incurred in the normal course of the insurance contracts.

		2021	2020
Acquisition expenses		**₦'000**	**₦'000**
Marine		279,038	197,695
Aviation		44,391	29,579
Fire		748,815	611,372
Motor		362,307	338,249
General accident		372,473	337,875
Bond		433	639
Oil & Energy		651,549	812,037
Engineering		125,448	118,620
		2,584,454	**2,446,066**
Maintenance cost			
Marine		44,773	28,181
Aviation		826	381
Fire		73,585	46,282
Motor		71,744	72,791
General accident		18,187	15,889
Bond		61	34
Oil & Energy		145,226	100,963
Engineering		4,141	6,284
		358,543	**270,805**
Total		**2,942,997**	**2,716,871**

25 Interest income based on effective interest rate

Interest income on bonds	Note 2.7	2,127,882	1,865,137
interest income on other debt securities- Term deposits	Note 2.7	13,964	35,126
interest on current accounts with banks	Note 1.1	209	1,539
Interest income on calls and term deposits with banks	Note 1.2	234,901	146,297
Interest income on statutory deposits	Note 11	(4,089)	36,643
Interest income on staff loans	Note 6.1	1,810	1,648
	a	**2,374,677**	**2,086,390**

26 Other investment and sundry income

Rental income	Note 15	77,750	77,750
Dividend income	Note 2.7	77,351	69,720
Sundry income	Note 26.1	4,837	4,991
	b	**159,938**	**152,461**

26.1 *Sundry income*

Gain on disposal of property, plant and equipment		4,837	3,611
Other sundry income		-	1,380
		4,837	4,991

Investment and sundry income is attributable to:

Policy holders' funds		623,591	550,825
Shareholders' funds		1,911,024	1,688,026
	a + b	2,534,615	2,238,851

27 Net realised (loss)/ gain

		2021 ₦'000	2020 ₦'000
Realised on:			
Net realised gain on equities at fair value through profit or loss	Note 2.5	728	82,783
Net realised (loss)/gain on foreign exchange	Note 38.2	(212,536)	451,336
		(211,808)	534,119

Net realised gain on foreign exchange is based on the sale of foreign currency.

28 Fair value gain/ (loss)

28.1 Fair value gain

		2021 ₦'000	2020 ₦'000
Unrealised gain on fair value of FVTPL equities	Note 2.5	13,383	68,032
Net fair value (loss)/ gains on investment properties	Note 7	17,645	(1,829)
	a	31,028	66,203

28.2 Foreign exchange gain

		2021 ₦'000	2020 ₦'000
Net unrealised gain/(loss) on foreign exchange on the gross amount of cash and cash equivalents		28,105	(571,204)
Foreign exchange adjustments on the ECL relating to cash and cash equivalents (Note 1.3a)		(556)	(773)
Foreign exchange adjustments on financial assets (AC)		2,307,595	1,031,861
Foreign exchange adjustments on the ECL relating to financial assets (AC)		35,025	(2,424)
Unrealised foreign exchange (loss)/gain other payables		(82,301)	2,425
	b	2,287,869	459,884
	a+b	2,318,897	526,087

29 Impairment loss (charge)/ write back

		2021 ₦'000	2020 ₦'000
(Charge)/Write back on cash and cash equivalents	Note 1.3a	(100,658)	5,394
Writeback/(Charge) on financial assets at amortised costs	Note 2.5	75,380	(97,613)
(Charge)/Write back on other receivables	Note 6.4	(2,650)	8,396
		(27,928)	(83,823)

Analysis of Impairment loss (charge)/write back

	Cash and cash equivalent ₦'000	Financial asset at amortised cost ₦'000	Other receivables ₦'000	Total ₦'000
At 1 January 2021	70,728	316,007	93,984	480,719
Increase/(write-back) during the year	100,658	(75,380)	2,650	27,928
Foreign exchange adjustments	(556)	35,025	-	34,470
Total movement during the year	100,102	(40,355)	2,650	62,398
At 31 December 2021	170,831	275,652	96,634	543,117
At 1 January 2020	76,895	220,818	102,381	400,094
Increase/(write-back) during the year	(5,394)	97,613	(8,397)	83,823
Foreign exchange adjustments	(773)	(2,424)	-	(3,197)
At 31 December 2020	70,728	316,007	93,984	480,719

30 Management expenses

		2021 ₦'000	2020 ₦'000
Employee benefit expenses	Note 30.2	843,034	733,430
Adverts and publicity		751,601	552,402
Shared costs	Note 38.2	795,384	526,176
Administrative expenses	Note 30.1	698,011	449,039
Repairs and maintenance		191,507	131,472
NAICOM insurance levy		344,375	315,879
Professional fees		153,672	117,275
Depreciation on property, plant and equipment	Note 8	116,815	91,416
Depreciation on right of use asset	Note 9	5,383	9,000
Rent and rates		29,581	26,215
Directors' fees		30,534	27,984
Audit fees		22,000	22,000
Subscriptions		26,875	18,851
Amortization of intangible assets - software	Note 10	3,175	3,697
AGM expenses		-	944
		4,011,947	**3,025,780**

The auditors did not provide any non-audit service to the Company during the year (2020: Nil).

30.1 *Administrative expenses*	2021 ₦'000	2020 ₦'000
Printing and stationary	16,832	9,426
General entertainment	26,640	20,621
General welfare	380,878	234,049
Investment management expenses	12,110	17,126
Business promotion expenses	184,620	120,321
Other general expenses	76,931	47,496
	698,011	449,039
30.2 *Employee benefit expenses*		
Wages and salaries	383,940	336,744
Defined contribution pension costs	40,008	34,204
Other staff allowances	419,086	362,482
	843,034	733,430

Other staff allowances includes dressing allowance, furniture allowance and bonuses to employee.

		2021	2020
31	**Net gain on equity instruments designated at fair value through OCI**	**₦'000**	**₦'000**
	Gain during the year*	115,010	90,885

**Income from these instruments is exempted from tax. Hence no tax is recognised in the financial statements.*

		2021	2020
32	**Profit for the year**	**₦'000**	**₦'000**
	Profit for the year has been arrived at after:		
	Net foreign exchange gain	2,075,333	911,220
	Depreciation of property and equipment	(116,815)	(91,416)
	Amortisation of intangible assets	(3,175)	(3,697)
	Staff costs and other expenses	(843,034)	(733,430)
	Auditors' remuneration	(22,000)	(22,000)
	Gain/(loss) on disposal of property plant and equipment	4,837	3,611
	Credit loss/(write back) on financial assets	(27,928)	(83,823)
	Change in fair value of investment properties	17,645	(1,829)

33 Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. The diluted earnings per share is the same as the basic earnings per share because there are no potential ordinary shares outstanding during the year.

	2021	2020
Profit for the year attributable to owners of the Company ('₦'000)	4,442,005	3,677,086
Weighted average number of ordinary shares('000)	14,000,000	8,166,667
Basic and diluted earnings per share (kobo)	32	45

34	**Dividends paid and declared**	**₦'000**	**₦'000**
	Final dividend 2020: 9kobo (2019:15kobo) (Note 14.1)	1,260,000	1,050,000
	Interim dividend 2021:10kobo (2020:15kobo) (Note 14.1)	1,400,000	1,050,000
		2,660,000	2,100,000

During the year, the Board of Directors declared an interim dividend of N1.4 billion (2020:N1.05 billion). This was fully paid during the year.

35 Hypothecation of Investment

Assets	**2021**	**Insurance Funds ₦'000**	**Shareholder's Funds ₦'000**	**Total ₦'000**
Cash and cash equivalents (Note 1)		627,851	8,180,397	8,808,248
Financial assets (Note 2):				
-Fair Value through Profit or Loss (FVTPL)		102,204	810,927	913,131
-Fair Value through OCI (FVOCI)		-	885,415	885,415
*- FGN Bonds at AC**		4,232,301	6,405,123	10,637,424
*- State Government Bonds at AC**		456,372	250,382	706,754
*- Corporate Bonds at AC**		577,557	9,968,424	10,545,981
*- Other debt instruments at AC**		-	259,155	259,155
Statutory deposits (Note 11)		-	300,000	300,000
Investment properties (Note 7.1)		1,513,600	2,163,170	3,676,770
Trade receivables (Note 3)		-	109,967	109,967
Other receivables and prepayments (Note 6)		-	297,262	297,262
Reinsurance assets (Note 4)		7,350,889	475,460	7,826,349
Deferred acquisition costs (Note 5)		-	673,104	673,104
Right of use assets(Note 9)			7,221	7,221
Intangible assets (Note 10)		-	3,427	3,427
Property, plant and equipment (Note 8)		-	303,954	303,954
Total Assets		**14,860,774**	**31,093,388**	**45,954,162**
The Funds				
Insurance funds (Note 12)		13,160,983	-	13,160,983
Shareholders' and other Funds		-	32,793,179	32,793,179
Total Funds		**13,160,983**	**32,793,179**	**45,954,162**
Surplus/(Deficit)		**1,699,791**	**(1,699,791)**	**-**
Assets	**2020**			
Cash and cash equivalents (Note 1)		397,983	3,108,762	3,506,745
Financial assets (Note 2):				
-Fair Value through Profit or Loss (FVTPL)		108,879	690,771	799,650
-Fair Value through OCI (FVOCI)		-	770,405	770,405
*- FGN Bonds at AC**		3,914,288	3,111,653	7,025,941
*- State Government Bonds at AC**		503,495	149,555	653,050
*- Corporate Bonds at AC**		711,201	11,795,933	12,507,134
*- Other debt instruments at AC**		-	317,638	317,638
Statutory deposits (Note 11)		-	300,000	300,000
Investment properties (Note 7)		1,513,600	2,123,578	3,637,178
Trade receivables (Note 3)		-	132,603	132,603
Other receivables and prepayments (Note 6)		-	163,990	163,990
Reinsurance assets (Note 4)		6,663,705	533,283	7,196,988
Deferred acquisition costs (Note 5)		-	583,433	583,433
Right of use assets(Note 9)			6,250	6,250
Intangible assets (Note 10)		-	6,274	6,274
Property, plant and equipment (Note 8)		-	211,944	211,944
Total Assets		**13,813,151**	**24,006,072**	**37,819,223**
The Funds				
Insurance funds (Note 12)		11,814,478	-	11,814,478
Shareholders' and other Funds		-	26,004,745	26,004,745
Total Funds		11,814,478	26,004,745	37,819,223
Surplus/(Deficit)		**1,998,673**	**(1,998,673)**	**-**

**AC - Amortised Cost*

Investments representing insurance funds are not co-mingled with shareholders' investments. All assets representing policyholders' fund (excluding reinsurance assets) have been transferred to a Custodian, Stanbic Nominees Limited. Notations of proprietary and preferential interests of the policyholders have been made in the mandate given to the Custodian of the assets.

36 Notes to the statement of cash flows

	Note	2021 ₦'000	2020 ₦'000
Profit before income tax expense		5,022,684	4,255,453
Fair value gains on financial assets at fair value through profit or loss	28	(13,383)	(68,032)
Depreciation and impairment of property, plant and equipment and right-of-use assets	8 & 9	122,198	94,166
Gain on disposal of investments		(728)	(82,783)
Amortisation of intangible assets	10	3,175	3,697
Fair value gain on investment property	7.1, 7.2	(17,645)	1,829
Gain on disposal of property, plant and equipment		(4,837)	(3,611)
Impairment loss charge	29	27,928	83,823
Net foreign currency exchange gain		(1,530,320)	(843,020)
Interest income	25	(2,374,677)	(2,086,390)
Other investment and sundry income	26	(159,938)	(152,461)
Operating cash flows before movements in working capital		1,074,457	1,202,670
(Increase)/decrease in reinsurance assets		(629,361)	1,094,981
Increase in deferred acquisition costs		(89,671)	(40,129)
Increase/(decrease) in insurance contract liabilities		1,346,505	(143,267)
Decrease)/(increase) in trade receivables		22,636	(25,285)
(Increase)/decrease in other receivables		(133,272)	104,407
Increase in trade payables		4,859,454	97,313
Increase in right of use assets		(971)	(6,250)
Increse/(decrease) in deferred income		48,607	(104,819)
Increase in other payables		(160,181)	138,700
Cash generated by operations		6,338,203	2,318,321
Income tax paid	16	(437,140)	(445,023)
Net cash (used in)/ from operating activities		**5,901,063**	**1,873,298**

37 Contingencies and commitments

The Company, in its ordinary course of business, is presently involved in 5 cases as a defendant (31 December 2020: 4).

The Company has been advised by its legal counsel of total legal claims of ₦707.8million (2020: ₦205.8million). However, the Management is of the opinion that the claims are only possible but not probable to materialise. Accordingly, no provision was made for this liability in the financial statements for the year ended 31 December 2021.

The litigations indicating defendants, status of each case and the contingent liability are listed below:

Suit 1

Mr. Chinenye Gerald Onwuachu V Nigerian Breweries Plc ***(Adeboye Badejo & Co.)***

Facts and contingent liability

The Product Liability case is being held at the High Court of the Federal Capital Territory, Abuja Judicial Division.

Claim is for the sum of ₦111,002,720 as damages, purportedly caused by the claimant ingesting the contents of a contaminated Heineken beer bottle.

Update/status

The court ruled on the claimant's application to reopen the case which stalled the defence by the Company. The adjourned date for continuation of trial is 3rd March 2022.

37 Contingencies and commitments - continued

Suit 2
Chief Livinus Igwebuike/Alhaji Lawal Bankole [Multilectrics Enterprises] V Custodian and Allied Insurance Limited & Mainstream Energy Solutions Limited ***(Adeboye Badejo & Co.)***

Facts and contingent liability
Dispute on alleged refusal of Second Defendant to allow Claimant take possession of Salvage. The claimant claims from the defendants jointly and severally the sum of N31m, general damages of N5m and cost of litigation of N1m.

Update/status
The case was assigned to a judge on November 2021 who in turn slated 31st January 2022 for mention of the case in court. The case file is still in the Alternative Dispute Resolution office.

Suit 3
Gray and Savoy V Custodian and Allied Insurance Plc ***(Sofunde, Osakwe, Ogundipe & Belgore)***

Facts and contingent liability
Purported theft case reported prior to payment of premium and inspection of vehicle. The case commenced in 2011 and has been through mediation with no settlement. Claim is for the value of the Jeep – : ₦6.8m and interest at 28% from 2008 until final settlement by court. Presently this amounts to :₦24,752,000.

Update/status
The claimant is experiencing difficulties bringing his witness to court and has made oral application craving the indulgence of the court to allow his witness to virtually testify via means of a teleconference. The court adjourned the matter for definite trial while stating that the Claimant must find a way around it, either the virtual hearing is provided for, or the witnesses come down to Nigeria for the trial and/or the Claimant puts in the necessary application to substitute its witnesses. The matter was adjourned for definite trial to May 4, 2021. The definite trial could not hold on the 4th of May 2021 as the witness was not available. The matter is ongoing and the next adjourned date is yet to be communicated.

Suit 4
Soddel Company Nig. Ltd. & ANOR. V Custodian and Allied Insurance Limited: ***(LEXX & SOPHY Barristers, Solicitors & Intellectual Property Attorneys).***

Facts and contingent liability
The dispute on alleged refusal of the Company to release the Claimant's original land title document following the completion of their Performance Bond. The sum of ₦35m is being claimed for general and aggravated damages

Update/status
The matter is ongoing and the next adjourned date is 16th of June 2022 for the cross examination of claimant's witness.

Suit 5
Abubakar Alli v. West African Seasoning Company Limited & Ors: ***(JB Majiyagbe & Co.)***

Facts and contingent liability
Custodian and Allied Insurance issued a Group and Personal Accident (GPA) cover to West African Seasoning, (upon the payment of premium), for the benefits of the latter's staff, of which the Claimant was described as one. Upon a ghastly accident involving the Claimant, a referral letter, issued and signed by a Chief Medical Officer of a Government Hospital, was required by Custodian before an overseas treatment abroad could be processed. Upon failure to produce this letter, and further demand by West African Seasoning Cube, Custodian paid the Permanent Disability benefit to the Company for the sake of the Claimant. Following from the above, The Claimant in this suit seeks, inter alia, the sum of N500,000,000 (Five hundred million) to be paid, severally or jointly, between parties for his permanent disability state.

Update/status
The matter is ongoing and the next adjourned date is yet to be communicated.

38 Related parties

Details of transactions and balances between the Company and other related parties are disclosed below.

38.1 Transactions with related parties

The Company enters into transactions with parent, affiliates and its key management personnel in the normal course of business. The transactions with related parties are made at normal market prices and conducted at arm's length.

Companies	Status of relationship	Interest (%)
Interstate Securities Limited	Associate of the parent company	Nil
Custodian Investments Plc	Parent Company	Nil
Custodian Life Assurance Limited	Fellow subsidiary of the parent company	Nil
Custodian Trustees Limited	Fellow subsidiary of the parent company	Nil
Crusader Sterling Pensions Limited	Fellow subsidiary of the parent company	Nil
UPDC Plc	Fellow subsidiary of the parent company	Nil

38.2 Transactions with related parties

Detail of transactions carried out during the year with related parties are as follows:

	Nature of transaction	2021 ₦'000	2020 ₦'000
Interstate Securities Limited	Investment	1,826	311,806
UPDC Plc	Lease expense	2,384	-
Key management personnel	Loan	606	606
Custodian Investment Plc	Shared cost	795,384	526,176
	Dividend	2,660,000	2,100,000
	Refundable funds*	550,000	-

* During the year, refundable funds of $1m due to Custodian Investment Plc since 2020 was refunded at the rate of N550 per dollar. This resulted in a foreign exchange loss of N169m which accounts for the material part of the realised FX loss of N212.5m reported for the year.

38.3 Balances with related parties

The following balances were outstanding at the end of the reporting period
Receivables from and payables to related parties are as follows:

Due from related parties:	Nature of transaction	2021 ₦'000	2020 ₦'000
Interstate Securities Limited	Investment	10,826	59,121
UPDC Plc	Right of use	3,969	-
Key management personnel	Loan	12,320	15,004
		27,115	74,125
Due to related parties:			
Custodian Investment Plc	Shared cost	59,369	133,909
	Refundable funds	-	380,691
		59,369	514,600

Shared cost relates to expenses incurred by the parent Company on behalf the Company which includes rents and salaries of management staffs.

The outstanding balances of the payables at the reporting date are unsecured and non-interest bearing. The settlements will involve physical delivery of cash.

In relation to the receivable balances with related parties, the expected credit loss charge on investment with Interstate Securities Ltd was ₦0.198million (2020: ₦1.299million). The terms and conditions of the loan grated to Key management personnel complied with the requirements of Section 77(1) of the Insurance Act 2003. The loan granted to key management personnel is fully collaterised and no impairment charge for the year (2020: Nil).

39 Directors and employees

39.1 Chairman and Directors' emoluments

	2021 ₦'000	2020 ₦'000
Emoluments:		
Chairman	8,831	8,531
Other Directors	21,703	19,453
	30,534	27,984
As Directors' fees	4,700	4,156
Other emoluments	25,834	23,828
	30,534	27,984

39.2 Employees remuneration

a.) The number of employees whose emoluments, excluding allowances within the following ranges were:

₦		₦	2021 Number	2020 Number
60,000	-	999,999	3	8
1,000,000	-	1,999,999	8	18
2,000,000	-	2,999,999	25	19
3,000,000	-	3,999,999	26	23
4,000,000	-	4,999,999	11	14
5,000,000	-	5,999,999	10	6
6,000,000 and above			37	34
			120	122

b.) Staff

Average number of persons employed during the year were:

	2021	2020
Management staff	11	11
Non-management staff	109	111
	120	122
Staff cost excluding the Directors relating to the above	**₦'000**	**₦'000**
Wages and salaries	383,940	336,744
Defined contribution pension costs	40,008	34,204
Other staff allowances	419,086	362,482
	843,034	733,430

39.3 Compensation of key management personnel

Key management personnel of the Company includes all directors, executive and non- executive, and senior management. The summary of compensation of key management personnel for the year is as follows:

	2021 ₦'000	2020 ₦'000
Short-term employee benefits	185,385	179,468
Post employment benefit	18,818	17,557
	204,203	**197,025**
Fees and other emolument disclosed above includes amount paid to:		
Chairman	**8,831**	**8,531**
Highest paid director	**18,511**	**17,702**

40 Events after the reporting period

No significant event has occurred since the reporting date which requires adjustment of, or further disclosure in the financial statements.

41 Contraventions

The Company did not incur any penalty in the year under review(2020: Nil)

42 Impact of COVID 19 on the Company's performance

The global Coronavirus (COVID-19) pandemic continues to create economic and social uncertainty throughout the world. Following unprecedented commitments to fiscal and monetary stimulus by governments and central banks and industry regulators locally and globally in 2020, we witnessed a strong recovery in asset values which continued through the end of the year 2021. The emergence of further waves, particularly in developing economies, and more virulent strains remains a risk despite the roll out of vaccines globally as well as the efforts to get it distributed worldwide. Whilst volatility generally subsided during the period, the ultimate impact of the pandemic still remains difficult to predict. Economic uncertainties, which may materially affect the valuation of portfolio investments and business operations remain prevalent as economies move tentatively to ease restrictions. The long-term effect of the aforementioned fiscal and monetary intervention remains unpredictable.

Custodian has continuously assessed the impact of the COVID -19 pandemic on the Company's assets and liabilities which is reflected in the financial statements. Having adapted to the "new normal" that is still unfolding and the evolving structural changes in the market (such as changes in customer behaviour), management performed an assessment to determine how this impacts its going concern and liquidity, impairment assessment, contract modifications, fair value measurement, government assistance and tax, and the results are summarized below. These assessments are carried out on an on-going basis and covers our short, medium, and long-term horizon.

Going concern and Liquidity

Custodian and Allied Insurance Limited adopted the going concern basis in the preparation of its financial statements. The Company continues to test its business continuity plan to mitigate the risk of business disruptions that may result from any shutdown or partial lockdown instituted by the Federal and State government. The Company was able to carry out uninterrupted service delivery and continuous operations as it continues to reaped the dividend of its past investments in information technology.

The Company's ability to access traditional funding based on internally generated funds and shareholders' funds was not impacted by the pandemic as the Company had no debt funding obligations or financing arrangements containing terms that limit the company's ability to obtain additional funding and neither were its asset pledged in any form.

The Company continues to assess its financial position for any impending recapitalisation requirement in the insurance industry. In view of this, the Company already has enough retained earnings to meet up with the last minimum paid-up capital requirement which was put on hold.

Based on the above, the company concluded that there are no material uncertainties that might cast significant doubt on the ability of the company to continue to operate as a going concern even into the foreseeable future.

42 Impact of COVID 19 on the Company's performance - continued

Expected credit loss assessment.

Following the onset of the COVID 19 pandemic, the Company generated a baseline scenario that reflected the recent economic forecast. The Forward-looking adjustments were arrived at based on external consensus forecast assembled from key sources including the National Bureau of Statistics (NBS) and Trading economies web site, alongside updated month on month scenario-based Probability of Defaults (PDs) obtained from Moody's inventory for emerging market. The range of future economic conditions was described by using a statistical and balance score card approach which was used to reassess the impact of the pandemic crisis. Considering internal stress test assessment together with the internal control mechanism within the Company's investment management framework, the adverse scenarios were calibrated to reflect the IFRS 9 sensitivities and non-linearity of benchmarked downside effects. The scenarios assumed strong contraction in GDP and sharp rise in unemployment in 2021 as experienced in Nigeria.

The resulting 2021 COVID 19 baseline scenarios are reported in Note 44.4 and the impact on modelled ECL allowance are reported in Note 3(Critical accounting judgments and key sources of estimation uncertainty) which detailed the aggregates of post model adjustments which are financial instrument specific modifications to reflect the significant range of uncertainty conditions surrounding the COVID-19 pandemic.

The economic environment remain uncertain and future impairment charges may be subject to further volatilities depending on the longevity of the pandemic and related containment measure as well as the longer-term effectiveness of the Central bank of Nigeria and government and other support measures.

The COVID-19 pandemic impacted our modelled Expected Credit Loss (ECL) allowance and resulted to an increase in ECL charge during year. ECL charge for the year amounted to ₦27.9 million (2020: ₦83.8 million).

Contract modifications

There was no major contract modification which would have significantly affected the Company's cash flows and projections other than a few requests for shorter periods insurance cover and a request to pay for the annual rent of one of our investment properties in two instalments. In addition to its cost optimization strategy aimed at reducing costs, the company was able to renegotiate with some of its service providers (to ensure their services conforms with the requirement for remote working) to further drive down costs. Nevertheless, the Company did not lay-off any staff nor slashed the salaries of its staff during the year. The company as a lessee did not have any lease modification in the form of rent concessions arising as a direct consequence of the Covid-19 pandemic.

No onerous contracts or additional provisions have been recognised as a direct impact of the COVID 19 pandemic.

Fair value measurement

Some of the company's financial assets designated at fair value through other Comprehensive Income (FVTOCI) are measured through a level 3(significant unobservable inputs) approach under IFRS 13. This methodology involves using the issue prices in most recent round of equity raising conducted by each company assuming this was within the last 12 months and the comparism of issue prices movements and price multiples to listed peers over the same period.

In the second half of the year, the COVID 19 variants emerged and with it was the fear of impending changes market conditions, possibilities of a government-imposed lockdowns, and uncertainty on the impact to company's earnings. This whole impact of the pandemic eased out as both the Government and the private sector was able to better manage the cases. This led management to also ease the COVID 19 adjusted inputs used in analysing the investees and to support the current fair value methodology. In the absence of recent pricing activity, additional criteria included the review of performance of investments against targets/budgets in the period before COVID-19 and following onset of COVID-19 related lockdowns and restrictions, cost reductions and cash flow measures put in place to limit COVID -19 impacts, review of the trajectory of the business through the recovery period following the COVID 19 lockdown period and impact on long term revenue generation potential.

42 Impact of COVID 19 on the Company's performance - continued

Fair value measurement - continued

Valuation of Insurance contract was based on actuarial best estimates and judgement. Risk and uncertainties have been considered in the measurement of the liabilities and are reflected in the key inputs and judgements. The key risk associated with the estimation of the provisions is the under /over estimation of the claims rate and to a lesser extent the under/over estimation of the claims savings (net of risk equalization) impact.

The revised procedures and ongoing COVID 19 impact did not lead to a significant change in the fair value of the unlisted equity financial assets in the financial year.

Government assistance and income tax

In the attempt to mitigate the COVID 19 pandemic, the government introduced measures to aid entities. The palliatives were targeted at Small and medium scaled enterprises while large and listed entities had waivers on late filing penalties and extension of filing deadlines. Recent government responses also included income tax concessions and other forms of rebates.

Custodian did not receive any grant or rebate from government and have therefore not recognized any grants or rebates in the financial statements due to the impact of COVID -19.

The Company along with other well-meaning Insurance companies provided donations and free Life Insurance cover for both Lagos state Government and Federal Government frontline health workers. This was our own way of encouraging the otherwise stretched and exhausted health workers to be rest assured that should they fall ill or lose their lives their families will be taken care of. This donation is considered an allowable expense and has been factored in the computation of company income tax for the year.

Notwithstanding the positive progress made on the medical front, the impact of the COVID-19 pandemic will continue to cast its shadow over the global economy for some time to come, and therefore continue to be the defining force affecting businesses. The Company's diversified model has proved its value, and it countinue to pursue its business priorities going forward. The Company remains determined to shape its future and seeks to leverage pioneering vision and mission to serve its customers, clients and the communities to the best of its abilities

43 Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concern and comply with the regulators' capital requirements of the markets in which the Company operates while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of equity attributable to equity holders of the company, comprising issued capital, reserves and retained earnings. Reinsurance is also used as part of capital management.

The solvency margin requirement

The regulatory capital (as required under Section 24 of the Insurance Act 2003 and NAICOM Guideline) within the Company have been maintained and preserved over the reporting periods. The Section defines Solvency Margin of a Non-Life Insurer as the difference between the admissible assets and liabilities and this shall not be less than 15% of Net Premium Income (Gross Premium Income less Re-insurance premium paid) or the minimum capital base of ₦3 billion, whichever is higher. The regulatory capital within the Insurance Industry in Nigeria, in which the entity has its major operations is as follows:

Minimum capital requirement	**2021** **₦'000**	**2020** **₦'000**
** Non-life business	3,000,000	3,000,000

The Solvency Margin for the Company as at 31 December 2021 is as follows:

Assets:	**Total** **₦'000**	**Admissible** **₦'000**	**Inadmissible** **₦'000**
Cash and cash equivalents	8,808,248	8,492,468	315,780
Financial assets:			
-Fair Value through Profit or Loss (FVTPL)	913,131	913,131	-
-Fair Value through OCI (FVOCI)	885,415	765,933	119,482
-Amortised Cost	22,149,314	21,464,571	684,743
Trade receivables	109,967	109,967	-
Reinsurance assets	7,826,349	7,389,724	436,625
Deferred acquisition costs	673,104	673,104	-
Other receivables and prepayments	297,262	82,961	214,301
Right of use assets	7,221	7,221	-
Investment properties	3,676,770	2,513,600	1,163,170
Intangible assets	3,427	3,427	-
Property, plant and equipment	303,954	303,954	-
Statutory deposits	300,000	300,000	-
Total assets	45,954,162	43,020,061	2,934,101
Liabilities:			
Insurance contract liabilities	13,160,983	13,160,983	-
Trade payables	6,951,553	6,951,553	-
Other payables and accruals	1,493,142	1,493,142	-
Deferred income	325,955	325,955	-
Current income tax payable	836,792	836,792	-
Deferred tax liabilities	753,816	-	753,816
Total liabilities	23,522,241	22,768,425	753,816
Solvency margin		20,251,636	
Subject to the higher of:			
A. Minimum capital requirement	3,000,000		
B. 15% of net premium (Premium less reinsurance)	1,563,948		
C. Higher of A and B		(3,000,000)	
D. Surplus achieved		17,251,636	

43 Capital management - continued

The Solvency Margin for the Company as at 31 December 2020 is as follows:

Assets:	**Total ₦'000**	**Admissible ₦'000**	**Inadmissible ₦'000**
Cash and cash equivalents	3,506,745	3,190,032	316,713
Financial assets:			
-Fair Value through Profit or Loss (FVTPL)	799,650	799,650	-
-Fair Value through OCI (FVOCI)	770,405	662,064	108,341
-Amortised Cost	20,503,763	20,503,763	-
Trade receivables	132,603	132,603	-
Reinsurance assets	7,196,988	6,719,113	477,875
Deferred acquisition costs	583,433	583,433	-
Other receivables and prepayments	163,990	33,555	130,435
Right of use assets	6,250	6,250	-
Investment properties	3,637,178	2,513,600	1,123,578
Intangible assets	6,274	6,274	-
Property, plant and equipment	211,944	211,944	-
Statutory deposits	300,000	300,000	-
Total assets	37,819,223	35,662,281	2,156,942
Liabilities:			
Insurance contract liabilities	11,814,478	11,814,478	-
Trade payables	2,092,099	2,092,099	-
Other payables and accruals	1,653,323	1,653,323	-
Deferred income	277,348	277,348	-
Current income tax payable	878,769	878,769.00	-
Deferred tax liabilities	568,300	-	568,300
Total liabilities	17,284,317	16,716,017	568,300
Solvency margin		18,946,264	
Subject to the higher of:			
A. Minimum capital requirement	3,000,000		
B. 15% of net premium (Premium less reinsurance)	1,382,155		
C. Higher of A and B		(3,000,000)	
D. Surplus achieved		15,946,264	

44 Financial risk management framework

The Company monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Company may seek to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

44 Financial risk management framework - continued

44.1 Valuation bases

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values are determined at prices quoted in active markets. In the current environment, such price information is typically not available for all instruments and the Company applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. These inputs and outputs are reviewed and approved by a valuation committee. The Company has minimal exposure to financial assets which are valued at other than quoted prices in an active market.

The table below shows financial assets carried at fair value.

31 December 2021	**Note**	**Fair value through profit or loss**	**Fair value through OCI**	**Fair value**
		₦'000	**₦'000**	**₦'000**
Quoted equities at FVTPL	2	913,131	-	913,131
Fair value through OCI - quoted		-	14,396	14,396
Fair value through OCI - unquoted	2	-	871,019	871,019
		913,131	885,415	1,798,546
31 December 2020				
Quoted equities at FVTPL	2	799,650	-	799,650
Fair value through OCI - quoted		-	17,143	17,143
Fair value through OCI - unquoted	2	-	753,262	753,262
		799,650	770,405	1,570,055

The management assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair value of unquoted equity measured at fair value and other debt securities whose fair values are disclosed.

i Unquoted equity

The fair values of the unquoted ordinary shares have been estimated using either of Income approach or Market approach.

Under the income approach, the valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

44 Financial risk management framework - continued

44.1 Valuation bases - continued

i Unquoted equity - continued

Under the market approach, the Company determines comparable public companies (Peers) based on industry, size, leverage and strategy and calculates an appropriate trading multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value.

The Company classifies the fair value of these investments as Level 3.

ii Unlisted managed funds

The Company invests in managed funds, including private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets.

The Company's investment manager considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate. Therefore, the NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the fund, the Company classifies these funds as Level 3.

iii Listed debt securities - bonds

Fair values of publicly traded debt securities are based on quoted market prices in an active market for identical assets with adjustments for accrued interest on the instrument after the last interest/coupon payment date. The Company values these investments at closing bid price.

iv Money market funds and similar securities (treasury bills)

The estimated fair value of money market funds is based on discounted cash flows using prevailing quoted Money-market interest rates for debts with similar credit risk and maturity.

44 Financial risk management framework - continued

Quantitative information of significant observable inputs - unquoted equity instruments

Investment	Valuation technique (Significant unobservable valuation input)	Range* (weighted average)	Sensitivity used*	Effect on fair value (N'000)
African Reinsurance Corporation	Market Approach	Average EBITDA multiple of peers	2021: 5% 2020: 5%	2021: ₦230 2020: ₦32
		Discount to average multiple (10%)	2021: 1% 2020: 1%	2021: ₦10,484 2020: ₦729
Mainstreet Technologies incorporation	Market Approach	Average EBITDA multiple of peers	2021: 5% 2020: 5%	2021: ₦8,631 2020: ₦8,748
		Discount to average multiple (10%)	2021: 1% 2020: 1%	2021: ₦1,210 2020: ₦1,910
WSTC Financial Services Limited	Income approach	Cost of capital (16.78%)	2021: 5% 2020: 5%	2021: ₦4,887 2020: ₦1,022
		Dividend growth rate (7.62)	2021: 5% 2020: 5%	2021: ₦3,175 2020: ₦4,559
Energy and Allied Insurance Pool of Nigeria	Adjusted NAV	Discount for lack of liquidity	Unappropriat-ed reserves	2021: ₦17,025 2020: ₦6,218

44 Financial risk management framework - continued

Financial Assets measured at Fair Value	**2021 ₦'000**	**2020 ₦'000**
Quoted prices in active markets (level 1)	927,527	816,793
Valuation technique:		
Market observable data (level 2)	-	-
Other than observable market data (level 3)	871,019	753,262
	1,798,546	1,570,055
Financial Assets measured at Amortised Cost:		
Amortised cost	22,149,314	20,503,763
	22,149,314	20,503,763

44.1.1 Fair value and fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, into Levels 1 to 3 based on the degree to which the fair value is observable. The categorisation also includes items not measured at fair value but whose fair value is disclosed.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Nigerian Stock Exchange equity investments classified as trading securities.

Financial instruments in level 2

Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

44 Financial risk management framework - continued
44.1.1 Fair value and fair value hierarchy - continued

Financial instruments in level 3
Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Items measured at fair value	**2021**			
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL:	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Equity shares	913,131	-	-	913,131
	913,131	-	-	913,131
Financial assets at FVOCI:				
Equity shares	14,396	-	871,019	885,415
	927,527	-	871,019	1,798,546
Items whose fair values are disclosed				
Debt instruments	-	-	22,865,068	22,865,068
	-	-	22,865,068	22,865,068
Total financial assets	927,527	-	23,736,087	24,663,614

Items measured at fair value	**2020**			
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL:	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Equity shares	799,650	-	-	799,650
	799,650	-	-	799,650
Financial assets at FVOCI:				
Equity shares	17,143	-	753,262	770,405
	816,793	-	753,262	1,570,055
Items whose fair values are disclosed				
Debt instruments	-	-	21,456,987	21,456,987
	-	-	21,456,987	21,456,987
Total financial assets	816,793	-	22,210,249	23,027,042

There were no transfers between level 1 and 2 or in and out of level 3 in 2021 and 2020.

Fair value of financial assets and liabilities	**31-Dec-21**		**31-Dec-20**	
Financial assets	**Carrying value ₦'000**	**Fair value ₦'000**	**Carrying value ₦'000**	**Fair value ₦'000**
Cash and cash equivalents:				
Cash and bank balances	1,903,201	1,903,201	859,554	859,554
Short-term deposits	7,041,514	7,041,514	15,965,149	15,965,149
Debt instruments:				
Federal Government bonds	10,731,363	10,730,762	7,082,283	7,891,562
State Government bonds	708,195	713,003	654,437	722,416
Corporate bonds	10,720,821	11,149,148	12,758,814	12,509,499
Short term deposits	264,587	272,154	324,236	333,509

44 Financial risk management framework - continued

44.2 Market risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities.

The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's Investment committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains for policyholders which are in line with all stakeholder's expectations.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The Company has minimal exposure to currency risk as the Company's financial assets are primarily matched to the same currencies as its insurance contract liabilities.

Carrying amounts of the Company's foreign currency denominated assets and liabilities:

2021	Pounds Sterling	Euro	US dollars	Total
Assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	843	3,278	6,528,744	6,532,865
Financial assets	-	147,591	16,857,229	17,004,820
Reinsurance assets	-	-	3,015,912	3,015,912
	843	150,869	26,401,885	26,553,597
Liabilities				
Insurance contract liabilities	-	-	4,349,981	4,349,981
	-	-	4,349,981	4,349,981
Net assets	843	150,869	22,051,904	22,203,616

2020	Pounds Sterling	Euro	US dollars	Total
Assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	788	4,922	1,801,008	1,806,718
Financial assets	-	145,411	15,361,859	15,507,270
Reinsurance assets	-	-	2,882,106	2,882,106
	788	150,333	20,044,973	20,196,094
Liabilities				
Insurance contract liabilities	-	-	4,167,791	4,167,791
	-	-	4,167,791	4,167,791
Net assets/(liabilities)	788	150,333	15,877,182	16,028,303

44 Financial risk management framework - continued

44.2 Market risk - continued

		31-Dec-21		31-Dec-20	
	Changes in variables	Impact on Profit before tax	Impact on Equity	Impact on Profit before tax	Impact on Equity
		₦'000	₦'000	₦'000	₦'000
Sterling	+10%	84	-	79	-
	-10%	(84)	-	(79)	-
Euro	+10%	15,087	-	15,033	-
	-10%	(15,087)	-	(15,033)	-
USD	+10%	2,205,190	6,700	1,587,718	8,259
	-10%	(2,205,190)	(6,700)	(1,587,718)	(8,259)

44.3 Interest rate risk management

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant concentration of interest rate risk because:
- It invests in fixed income securities carried at fixed and not floating rates
- Its fixed income securities are measured at amortised cost and not at fair value.

Price risk management

The Company is exposed to equity price risks arising from equity investments primarily from investments not held for unit-linked business. The shares included in financial assets represent investments in listed and unlisted securities that present the Company with opportunity for return through dividend income and capital appreciation. Equity investments designated as fair value through OCI are held for strategic rather than trading purposes.

The analysis below is performed for reasonably possible movements in market indices with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of financial assets whose fair values are recorded in the statement of profit or loss).

		31-Dec-21		31-Dec-20	
	Changes in variable	Impact on Profit before tax	Impact on equity	Impact on Profit before tax	Impact on equity
		₦'000	₦'000	₦'000	₦'000
Fair value through	+1%	9,131	-	7,997	-
profit or loss	-1%	(9,131)	-	(7,997)	-
Fair value through	+1%	-	8,854	-	7,704
OCI	-1%	-	(8,854)	-	(7,704)

44 Financial risk management framework - continued

44.4 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The key areas of exposure to credit risk for the Company are in relation to its investment portfolio, loan receivables, cash and cash equivalents reinsurance programme and to a lesser extent amounts due from policyholders and intermediaries.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent to investment grade and above.

This information is supplied by independent rating agencies where available and if not available the Company uses other publicly available financial information and its own trading records to rate its major policyholders and reinsurers.

The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Receivables consist of a large number of policyholders, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

44 Financial risk management framework - continued

44.4 Credit risk - continued

Industry analysis

31 December 2021	Financial services ₦'000	Government ₦'000	Consumers ₦'000	Retail and Wholesale ₦'000	Construction and Materials ₦'000	Manufacturing and Petroleum ₦'000	Others ₦'000	Total ₦'000
Cash and cash equivalents	8,808,248	-	-	-	-	-	-	8,808,248
Debt instruments at amortised costs	10,545,239	11,344,178	-	-	-		259,897	22,149,314
Staff loans and advances	-	-	-	-	-	-	120,924	120,924
Sundry debtors	-	-	-	-	-	-	51,003	51,003
Deposit for properties	-	-	-	-	-	-	25,337	25,337
Trade receivables	10,178	1,966	14,434	16,561	7,775	58,716	337	109,967
Reinsurance assets	-	-	-	-	-	-	436,625	436,625
Statutory deposits	-	300,000	-	-	-	-	-	300,000
	19,363,665	11,646,144	14,434	16,561	7,775	58,716	894,123	32,001,418
31 December 2020								
Cash and cash equivalents	3,506,745	-	-	-	-	-	-	3,506,745
Debt instruments at amortised costs	15,395,695	4,581,525	-	-	-	266,646	259,897	20,503,763
Staff loans and advances	-	-	-	-	-	-	71,507	71,507
Sundry debtors	-	-	-	-	-	-	54,763	54,763
Deposit for properties	-	-	-	-	-	-	33,120	33,120
Trade receivables	17,900	14,984	3,999	20,190	4,893	56,795	13,842	132,603
Reinsurance assets	-	-	-	-	-	-	477,875	477,875
Statutory deposits	-	300,000	-	-	-	-	-	300,000
	18,935,560	4,896,509	3,999	20,190	4,893	323,441	911,004	25,095,596

44 Financial risk management framework - continued

44.4 Credit risk - continued

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit ratings of counter parties:

	Investment Grade Investment Grade	Non Investment Grade: Non Investment	Unrated Non Investment	Total
31 December 2021	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Debt instruments at amortised costs	-	22,037,425	111,889	22,149,314
Cash and cash equivalents	-	8,979,079	-	8,979,079
Staff loans and advances	-	-	120,924	120,924
Sundry debtors	-	-	51,003	51,003
Deposit for properties	-	-	25,337	25,337
Trade receivables	-	-	109,967	109,967
	-	31,016,504	419,120	31,435,624
31 December 2020				
Debt instruments at amortised costs	-	20,301,653	202,110	20,503,763
Cash and cash equivalents	-	3,577,473	-	3,577,473
Staff loans and advances	-	-	71,507	71,507
Sundry debtors	-	-	54,763	54,763
Deposit for properties	-	-	33,120	33,120
Trade receivables	-	-	132,603	132,603
	-	23,879,126	494,103	24,373,229

The Company actively manages its product mix to ensure that there is no significant concentration of credit risk.

44 Financial risk management framework - continued

44.4 Credit risk - continued

Impairment assessment

The Company's ECL assessment and measurement method is set out below.

Significant increase in credit risk, default and cure

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due, In addition, the Company also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

• The counterparty having past due liabilities to public creditors or employees
• The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection
• Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties

The Company considers a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognises a lifetime ECL.

There has been no significant increase in credit risk or default for financial assets during the year.

Expected credit loss

The Company assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio varies for different instruments. In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

44 Financial risk management framework - continued

44.4 Credit risk - continued

Impairment losses on financial investments subject to impairment assessment

Debt instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on Moody's credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are also provided.

	2021			2020		
Moody's rating	**12mECL**	**LTECL**	**Total**	**12mECL**	**LTECL**	**Total**
Performing	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents						
AAA-A+	-	-	-	-	-	-
BBB-B+	8,979,079	-	8,979,079	3,577,473	-	3,577,473
C-CCC	-	-	-	-	-	-
Not rated						
Total Gross Amount	8,979,079	-	8,979,079	3,577,473	-	3,577,473
ECL	(170,831)		(170,831)	(70,728)		(70,728)
Total Net Amount	8,808,248	-	8,808,248	3,506,745	-	3,506,745
Financial assets - amortised cost						
AAA-A+	-	-	-	-	-	-
BBB-B+	22,313,077	-	22,313,077	20,659,066	-	20,659,066
C-CCC	-	-	-	-	-	-
Note rated	111,889	-	111,889	160,704	-	160,704
Total Gross Amount	22,424,966	-	22,424,966	20,819,770	-	20,819,770
ECL	(275,652)	-	(275,652)	(316,007)	-	(316,007)
Total Net Amount	22,149,314	-	22,149,314	20,503,763	-	20,503,763

44 Financial risk management framework - continued

44.4 Credit risk - continued

Debt instruments measured at amortised cost

	2021			2020		
Unrated	**12mECL ₦'000**	**LTECL ₦'000**	**Total ₦'000**	**12mECL ₦'000**	**LTECL ₦'000**	**Total ₦'000**
Other receivables	197,264	96,355	293,619	159,390	93,538	252,928
Total Gross Amount	197,264	96,355	293,619	159,390	93,538	252,928
ECL	(279)	(96,355)	(96,634)	(446)	(93,538)	(93,984)
Total Net Amount	196,985	-	196,985	158,944	-	158,944

Collateral for other receivables

Some of the Company's receivables (e.g. mortgage loans and car loans) are collaterised with assets including properties and cars. As at 31 December 2021, the value of assets accepted as collateral that the Company is permitted to repossess or sell in the absence of default in respect of the staff loans was ₦165million (2020: ₦69.5million) against the receivables balances of ₦783 million (2020:₦33million).

As at 31 December 2021, the Company had no asset repossessed as security against asset. The group policy is to pursue timely realisation of collateral in an orderly manner in the case of default. The Company does not generally use the non cash collateral for its own operations.

As at 31 December 2021, the Company has not pledged any of its assets as collateral for any liability or payable balance (2020: nil)

44 Financial risk management framework - continued

44.4 Credit risk - continued

Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

When determining whether the credit risk(i.e. Risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost of effort, This includes both qualitative and quantitative information analysis based on the Company's experience, expert credit assessment and forward looking information. The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by using days past due and assessing other information obtained externally.

Whenever available, the Company monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in the published rating, the group also reviews changes in Bond yields together with available press and regulatory information about issuers.

Where external credit ratings are not available, the Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of default(including but not limited to the audited financial statement, management accounts and cashflow projections, available regulatory and press information about the borrowers and apply experienced credit judgement. Credit risk grades are defined by using qualitative and quantitative factors that are indicative of the risk of default and are aligned with the external credit rating definition from Moody's and standards and Poor.

The Company has assumed that the credit risk of a financial asset has not increased significantly since the initial recognition if the financial asset has low credit risk at reporting date. The company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company considers this to be Baa3 or higher based on the Moody rating.

44 Financial risk management framework - continued

44.4 Credit risk - continued

Amounts arising from ECL

As a back-stop, the Company considers that a significant increase in credit risk occurs no later than when the asset is more than 30 days past due. Days past due are determined by counting the numbers of days since the earliest elapsed due date in respect of which full payments has not been received. Due dates are determined without considering any grace period that might be available to the borrower. The Company monitors the effectiveness of the criteria used to identify significant increase in credit risk by regular reviews to confirm that:

- The criteria are capable of identifying significant increase in credit risk before an exposure is in default;
-The average time between The identification of a significant increase in credit risk and default appears reasonable
- The criteria do no align with the point in time when the asset becomes 30 days past due;
-Exposures are not generally transferred from 12- month ECL measurement to credit impaired and
-There is no unwarranted volatility in loss allowance from transfers between 12-month ECL and Lifetime ECLmeasurement.

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the borrower. An existing financial asset whose terms have been modified may be derecognized and the renegotiated asset recognized as a new financial asset at fair value in accordance with the accounting policies. When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of:
- Its risk of default occurring at the reporting date based on the modified term; with
- The risk of default occurring estimated based on data on initial recognition and the original contractual terms.

Definition of default

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or the financial asset Is more than 90 days past due.
In assessing whether a borrower is in default, the Company considers indicators that are:
- qualitative: e.g. breaches of covenant and the other indicators of financial distress;
- quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

44 Financial risk management framework - continued

44.4 Credit risk - continued

Incorporation of forward looking information

The Company incorporates forward-looking information into its measurement of ECL. It formulates a ‘base case’ view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Company's Investment and Risk committee, economic experts and consideration of a variety of external actual and forecast information. This process involves developing two additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Nigeria, supranational organizations such as the Organisation for Economic Cooperation and Development and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a best estimate and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and pessimistic outcomes.

Measurement of ECL

The calculation of the expected credit loss is based on the key risk parameters of Probability of default(PD), Loss given default(LGD) and Exposure at default (EAD)

To determine the Lifetime and 12-month PDs, the Company uses the PD tables supplied by Moody's based on the default history of sovereign and corporate obligors with the same credit rating. The Company adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings. The PDs are recalibrated and adjusted to reflect forward looking information as described below. changes in the rating for counterparties and exposure lead to a change in estimate of the associated PD.

Loss Given Default is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against the defaulted counterparties. The LGD for sovereign fixed income exposures are based on publications by Moody's and the models consider the structure, collateral, seniority of claims and recovery of any collateral that is integral to the financial asset. For loans secured with properties or asset, loan to value ratios are key parameter in determining LGD. LGDs are calculated on discounted cash flow basis using effective interest rate as the discounting factor.

44 Financial risk management framework - continued

44.4 Credit risk - continued

Measurement of ECL

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount. As described in the accounting policy, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The modelling of parameter is carried out on an individual basis.

An overview of the approach to estimating ECLs is set out in Note 2 Summary of significant accounting policies and in Note 3 critical accounting judgements and key sources of estimation uncertainty. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Moodys, Standards and Poor, Economist associate etc.) and its investment team verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios for Nigeria, as at 31 December 2021 and 31 December 2020.

The Company has identified and documented key divers of credit risk and ECL for each portfolio of financial instruments and using an analysis of historical data, has estimated relationships between macro economic variables and credit risk and credit losses. The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided below.

44 Financial risk management framework - continued
44.4 Credit risk - continued

Analysis of inputs to the ECL model under multiple economic scenarios
31 December 2021

Key drivers	ECL Scenario	Assigned Weightings /Probabilities	2021	2022	2023	2024	2025
Macroeconomic variable							
GDP Growth rate (%)							
	Upside	12%	4.08	2.71	2.69	2.60	2.68
	Base case	79%	4.04	2.67	2.65	2.56	2.64
	Downside	9%	4.00	2.63	2.61	2.52	2.60
Inflation rates (%)							
	Upside	12%	14.44	13.29	11.81	11.54	11.54
	Base case	79%	14.40	13.25	11.77	11.50	11.50
	Downside	9%	14.36	13.21	11.73	11.46	11.46
Oil Prices "USD"							
(price per barrel)	Upside	12%	112.39	100.85	101.81	102.79	103.79
	Base case	79%	71.54	60.00	60.96	61.94	62.94
	Downside	9%	46.61	35.07	36.03	37.01	38.01
Unemployment rates (%)							
	Upside	12%	23.36	23.16	22.46	22.16	21.96
	Base case	79%	32.70	32.50	31.80	31.50	31.30
	Downside	9%	48.80	48.60	47.90	47.60	47.40

Since the beginning of the year, as the Company has reassessed the key economic indicators used in its ECL models, the expected GDP growth rate over the next few years has been revised downwards, given the slowdown of Nigeria's economy which is majorly due to the unstable political outlook of the country. Unemployment and oil price assumptions follow a similar trend. Central Bank base rates have been revised downward while inflation rate is on the rise with the expected minimum wage legislation as aprt of governmental response. Long-term expectations remain unchanged.

44 Financial risk management framework - continued

44.4 Credit risk - continued

31 December 2020

Key drivers	ECL Scenario	Assigned	2020	2021	2022	2023	2024
Macroeconomic variable							
GDP Growth rate (%)							
	Upside	11%	0.84	7.26	6.76	7.46	8.16
	Base case	80%	-3.62	2.80	2.30	3.00	3.70
	Downside	8%	-9.09	-2.67	-3.17	-2.47	-1.77
Inflation rates (%)							
	Upside	11%	10.90	11.41	10.71	9.51	8.01
	Base case	80%	14.89	15.40	14.70	13.50	12.00
	Downside	8%	19.35	19.86	19.16	17.96	16.46
Oil Prices "USD"							
(price per barrel)	Upside	11%	83.13	86.13	92.13	94.28	96.52
	Base case	80%	41.00	44.00	50.00	52.15	54.39
	Downside	8%	14.68	17.68	23.68	25.83	28.07
Unemployment rates (%)							
	Upside	11%	22.76	24.76	25.26	25.76	26.26
	Base case	80%	30.00	32.00	32.50	33.00	33.50
	Downside	8%	44.91	46.91	47.41	47.91	48.41

Since the beginning of the year, as the Company has reassessed the key economic indicators used in its ECL models, the expected GDP growth rate over the next few years has been revised downwards, given the slowdown of Nigeria's economy which is majorly due to the unstable political outlook of the country. Unemployment and oil price assumptions follow a similar trend. Central Bank base rates have been stable while inflation rate is on the rise with the expected minimum wage legislation. Long-term expectations remain unchanged.

44 Financial risk management framework - continued

44.4 Credit risk - continued

The following tables outline the impact of multiple scenarios on the allowance

		Cash and cash equivalents	Financial assets - amortised cost	Other receivables	Total
31-Dec-21					
Upside	12%	21,183	34,181	11,983	67,346
Base case	79%	134,119	216,414	75,867	426,401
Downside	9%	15,529	25,057	8,784	49,369
		170,831	275,652	96,634	543,117
31-Dec-20					
Upside	11%	8,116	36,263	10,785	55,164
Base case	80%	56,766	253,628	75,432	385,826
Downside	8%	5,846	26,116	7,767	39,729
		70,728	316,007	93,984	480,719

44.5 Liquidity risk

Liquidity risk is the risk that the Company cannot meet its obligations associated with financial liabilities as they fall due.

The Company has adopted an appropriate liquidity risk management framework for the management of the Company's liquidity requirements. The Company manages liquidity risk by maintaining banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities. The Company is exposed to liquidity risk arising from clients on its insurance contracts. In respect of catastrophic events there is liquidity risk from a difference in timing between claim payments and recoveries thereon from reinsurers.

44 Financial risk management framework - continued

44.5 Liquidity risk - continued

Liquidity management ensures that the Company has sufficient access to funds necessary to cover insurance claims. In practice, most of the Company's assets are marketable securities which could be converted to cash when required.

The following table shows details of the expected maturity profile of the Company's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognised insurance contract liabilities. Unearned premiums are excluded from this analysis. The table includes both interest and principal cash flows. Cash and cash equivalents including insurance receivables which are used to manage liquidity risk are included in this table.

31 December 2021	**< 1 month**	**1 - 3 months**	**3 - 12 months**	**1 - 5 years**	**> 5 years**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and cash equivalents	5,467,838	3,511,241	-	-	-	8,979,079
Financial assets (debt securities at amortised cost)	1,010,212	255,387	1,944,881	8,417,103	10,566,118	22,193,700
Trade receivables	109,967	-	-	-	-	109,967
	6,588,017	3,766,628	1,944,881	8,417,103	10,566,118	31,282,746
Insurance contract liabilities	511,802	1,850,794	350,426	544,845	8,730	3,266,597
Trade payables	4,366,048	507,945	858,250	1,219,310	-	6,951,553
Other payables	1,100,476	392,666		-	-	1,493,142
	5,978,326	2,751,405	1,208,676	1,764,155	8,730	11,711,292
Liquidity Gap	609,691	1,015,223	736,205	6,652,948	10,557,388	19,571,454
31 December 2020						
Cash and cash equivalents	3,545,748		-	-	-	3,545,748
Financial assets (debt securities at amortised cost)	304,978	1,496,236	1,780,984	10,500,631	8,266,272	22,349,101
Trade receivables	132,603	-	-	-	-	132,603
	3,983,329	1,496,236	1,780,984	10,500,631	8,266,272	26,027,452
Insurance contract liabilities	1,050,789	578,927	876,259	234,845	387,109	3,127,929
Trade payables	1,631,662	460,437	-	-	-	2,092,099
Other payables	964,582	367,000	321,741	-	-	1,653,323
	3,647,033	1,406,364	1,198,000	234,845	387,109	6,873,351
Liquidity Gap	336,296	89,872	582,984	10,265,786	7,879,163	19,154,101

44 Financial risk management framework - continued

44.6 Maturity analysis of the amounts in the statement of financial position

Maturity analysis on expected maturity bases

The table below summarises the expected maturity of assets and liabilities.

31 December 2021	Current ₦'000	Non-current ₦'000	Total ₦'000
Assets			
Cash and cash equivalents	8,808,248		8,808,248
Financial assets	3,210,480	20,737,380	23,947,860
Trade receivables	109,967		109,967
Reinsurance assets	7,826,349		7,826,349
Deferred acquisition costs	673,104		673,104
Other receivables and prepayments	297,262		297,262
Right of use assets	6,117	1,104	7,221
Investment properties		3,676,770	3,676,770
Property, plant and equipment		303,954	303,954
Intangible assets		3,427	3,427
Statutory deposit		300,000	300,000
Total assets	**20,931,527**	**25,022,635**	**45,954,162**
Liabilities			
Insurance contracts liabilities	5,840,695	7,320,288	13,160,983
Trade payables	6,951,553		6,951,553
Other liabilities	1,493,142		1,493,142
Deferred income	325,955		325,955
Current income tax payable	836,792		836,792
Deferred tax liabilities	-	753,816	753,816
Total liabilities	**15,448,137**	**8,074,105**	**23,522,241**

44 Financial risk management framework - continued

44.6 Maturity analysis of the amounts in the statement of financial position

Maturity analysis on expected maturity bases - continued

31 December 2020	Current	Non-current	Total
	₦'000	₦'000	₦'000
Assets			
Cash and cash equivalents	3,506,745		3,506,745
Financial assets	3,582,199	18,491,619	22,073,818
Trade receivables	132,603		132,603
Reinsurance assets	7,196,988		7,196,988
Deferred acquisition costs	583,433		583,433
Other receivables and prepayments	163,990		163,990
Right of use assets	3,000	3,250	6,250
Investment properties		3,637,178	3,637,178
Property, plant and equipment		211,944	211,944
Intangible assets		6,274	6,274
Statutory deposit		300,000	300,000
Total assets	**15,168,958**	**22,650,265**	**37,819,223**
Liabilities			
Insurance contracts liabilities	3,161,397	8,653,081	11,814,478
Trade payables	2,092,099		2,092,099
Other liabilities	1,653,323		1,653,323
Deferred income	277,348		277,348
Current income tax payable	878,769		878,769
Deferred tax liabilities	-	568,300	568,300
Total liabilities	**8,062,936**	**9,221,381**	**17,284,317**

45 Insurance risk management

The Company accepts insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts. The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework.

Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria.

Reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

Regulatory capital is also managed (though not exclusively) by reference to the insurance risk to which the Company is exposed.

The Company writes property, liability and motor risks primarily over a twelve month duration. The most significant risks arise from natural disasters, climate change and other catastrophes (i.e. high severity, low frequency events). A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial business. The relative variability of the outcome is mitigated if there is a large portfolio of similar risks.

The concentration of non-life insurance by the location of the underlying risk is summarised below by reference to liabilities.

	Gross premium		Reinsurance premium		Net	
	2021	2020	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Within Nigeria	33,755,180	32,083,331	21,654,200	21,140,188	12,100,980	10,943,143
Outside Nigeria	-	-	1,674,660	1,728,778	(1,674,660)	(1,728,778)
	33,755,180	**32,083,331**	**23,328,860**	**22,868,966**	**10,426,320**	**9,214,365**

45 Insurance risk management - continued

The concentration of non-life insurance by type of contract is summarised below by reference gross premium and premium ceded to reinsurers.

	Gross premium		Reinsurance premium		Net	
	2021	2020	2021	2020	2021	2020
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Accident	2,264,054	2,051,688	994,612	842,069	1,269,442	1,209,619
Aviation	280,519	193,934	42,860	59,090	237,659	134,844
Bond	13,038	5,321	2,356	1,492	10,682	3,829
Engineering	653,647	626,574	415,606	371,707	238,041	254,867
Fire	7,526,883	6,092,960	5,644,231	4,573,139	1,882,652	1,519,821
Marine	1,400,937	1,103,865	539,561	385,025	861,376	718,840
Motor	3,428,551	3,182,841	88,024	165,369	3,340,527	3,017,472
Oil and Energy	18,187,551	18,826,148	15,601,610	16,471,075	2,585,941	2,355,073
	33,755,180	**32,083,331**	**23,328,860**	**22,868,966**	**10,426,320**	**9,214,365**

45 Insurance risk management - continued

45.1 Assumptions and sensitivities

The risks associated with the non-life insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company uses several statistical and actuarial techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for non-life insurance claims recognised in the statement of financial position is adequate. However, actual experience will differ from the expected outcome.

Some results of sensitivity testing are set out below:

Discounted IABCL Class of business 2021	**Base ₦'000**	**5% Loss ratio ₦'000**	**(-5%) Loss ratio ₦'000**	**1%Inflation rate ₦'000**	**(-1)%Inflation rate ₦'000**	**1%Discount rate ₦'000**	**(-1)% Discount rate ₦'000**
Accident	928,284	1,032,083	793,157	932,207	924,361	919,522	937,280
Engineering	283,350	304,274	262,424	284,360	282,341	281,276	285,472
Fire	2,576,152	2,826,204	2,324,575	2,577,201	2,575,112	2,556,482	2,596,254
Marine	300,900	338,129	263,671	302,728	299,073	299,271	302,556
Motor	549,198	596,078	502,256	549,752	548,644	545,765	552,696
Oil & Gas	16,512	30,538	2,486	16,512	16,512	16,512	16,512
Bond	982	1,634	330	982	982	982	982
Aviation	826,618	1,578,189	75,048	826,618	826,618	813,995	839,626
Total	5,481,996	6,707,127	4,223,946	5,490,359	5,473,643	5,433,803	5,531,378
Oustanding claims	3,266,597	3,266,597	3,266,597	3,266,597	3,266,597	3,266,597	3,266,597
IBNR	2,215,400	3,440,530	957,350	2,223,762	2,207,046	2,167,207	2,264,782
Percentage change		22%	-23%	0%	0%	-1%	1%

45 Insurance risk management - continued

45.1 Assumptions and sensitivities

Discounted IABCL Class of business 2020	Base ₦'000	5% Loss ratio ₦'000	-5% Loss ratio ₦'000	1%Inflation rate ₦'000	-1%Inflation rate ₦'000	1% Discount rate ₦'000	-1% Discount rate ₦'000
Accident	746,537	754,118	748,266	748,081	746,389	746,686	746,686
Engineering	252,205	252,205	252,205	252,205	252,205	252,205	252,205
Fire	2,192,748	2,219,332	2,219,332	2,191,944	2,203,337	2,193,551	2,191,944
Marine	294,138	296,796	296,796	293,274	307,305	295,003	293,274
Motor	483,639	486,797	486,797	482,927	494,754	484,351	482,927
Oil & Gas	21,828	75,669	75,669	20,712	-	-	-
Bond	645	-	-	-	-	-	-
Aviation	826,095	828,823	2,728	(2,154)	-	-	-
Total IBNR	4,817,834	4,913,739	4,081,792	3,986,989	4,003,990	3,971,795	3,967,035
Oustanding claims	3,127,929	3,180,783	2,676,365	2,578,751	2,598,569	2,579,023	2,561,727
IBNR	1,689,905	1,732,956	1,405,427	1,408,238	1,405,421	1,392,773	1,405,308
Percentage change		20%	-19%	0%	0%	-1%	1%

The Company’s method for sensitivity testing has not changed significantly from the prior year.

45 Insurance risk management - continued

45.2 Claims development tables

The following tables show the development of claims over a period of time on both a gross and net of reinsurance basis. In 2012, in the year of adoption of IFRS, only 5 years were required to be disclosed. This will be increased in each succeeding year, until 8 - 10 years of information is presented. The top half of the table shows how the estimates of total claims for each accident year develop over time. The lower half of the table reconciles the cumulative claims to the amount appearing in the Statement of Financial Position.

Analysis of claims development – Gross

	2012 ₦'000	2013 ₦'000	2014 ₦'000	2015 ₦'000	2016 ₦'000	2017 ₦'000	2018 ₦'000	2019 ₦'000	2020 ₦'000	2021 ₦'000	Total ₦'000
Estimate of ultimates:											
End of accident year											
1 year later	3,953,051	6,081,643	6,559,766	6,770,286	6,852,525	6,903,787	6,921,028	6,921,028	6,921,791	6,921,791	-
2 years later	3,916,733	6,214,426	6,599,973	6,768,644	6,881,274	6,930,563	6,930,563	6,930,822	6,933,108	-	-
3 years later	2,869,687	5,135,621	5,761,265	5,933,707	6,012,985	6,026,293	6,030,904	6,030,904	-	-	-
4 years later	3,590,761	6,787,967	7,292,269	7,593,831	7,684,726	7,713,653	7,715,994	-	-	-	-
5 years later	3,150,586	5,198,168	5,806,296	5,906,357	5,922,033	5,946,174	-	-	-	-	-
6 years later	2,902,060	4,789,395	5,184,780	5,272,632	5,310,563	-	-	-	-	-	-
7 years later	3,336,926	4,603,570	4,843,864	4,921,858		-	-	-	-	-	-
8 years later	3,402,980	4,960,154	5,084,164	-	-	-	-	-	-	-	-
9 years later	2,989,004	4,495,841	-	-	-	-	-	-	-	-	-
10 years later	2,132,308	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Current estimate of ultimate claims	2,132,308	4,495,841	5,084,164	4,921,858	5,310,563	5,946,174	7,715,994	6,030,904	6,933,108	6,921,791	53,360,397
Cummulative payments	(2,125,718)	(4,495,341)	(5,080,726)	(4,918,872)	(5,303,681)	(5,849,781)	(7,647,812)	(5,757,700)	(5,336,265)	(5,710,212)	(52,226,108)
Outstanding claims provision at 31 December 2020	6,590	500	3,438	2,986	6,882	96,393	68,182	273,204	1,596,843	1,211,579	3,266,597

CUSTODIAN AND ALLIED INSURANCE LIMITED
OTHER NATIONAL DISCLOSURES
STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 ₦'000	%	2020 ₦'000	%
Net premium income	10,426,320		9,214,365	
Fees and commission income	1,610,329		1,650,205	
Interest income	2,374,677		2,086,390	
Other investment and sundry income	159,938		152,461	
	14,571,264		13,103,421	
Claims incurred, commission paid and other operating expenses - Local	(8,004,877)		(7,735,397)	
Value added	**6,566,387**	**100**	**5,368,024**	**100**
Applied as follows:				
Insurance contract liabilities				
Salaries, wages and benefits	843,034	13	439,091	8
To pay Government:				
Taxes	395,163	6	439,091	8
Retained for asset replacement and future expansion of business:				
- Deferred taxation	185,516	3	139,276	3
- Depreciation and amortization	119,990	2	95,113	2
- Profit for the year	5,022,684	76	4,255,453	79
	6,566,387	**100**	**5,368,024**	**100**

Value added is the wealth created by the efforts of the Company and its employees and the allocation between employees, shareholders, government and that retained in the future for the creation of more wealth.

CUSTODIAN AND ALLIED INSURANCE LIMITED

OTHER NATIONAL DISCLOSURES - Continued

FIVE-YEAR FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION AS AT	**<-------------------------**		**31 DECEMBER**		**------------------------->**
	2021	**2020**	**2019**	**2018**	**2017**
	=N='000	**=N='000**	**=N='000**	**=N='000**	**=N='000**
Assets					
Cash and cash equivalents	8,808,248	3,506,745	4,517,560	9,070,412	3,909,124
Financial assets	23,947,860	22,073,818	18,174,307	15,818,595	15,263,802
Trade receivables	109,967	132,603	107,318	350,091	85,218
Reinsurance assets	7,826,349	7,196,988	8,291,969	8,413,518	6,452,705
Deferred acquisition costs	673,104	583,433	543,304	666,147	542,317
Other receivables and prepayments	297,262	163,990	268,397	267,986	238,917
Investment properties	3,676,770	3,637,178	3,637,178	3,555,000	3,541,000
Right of use assets	7,221	6,250	-	-	-
Property, plant and equipment	303,954	211,944	194,005	167,564	170,032
Intangible assets	3,427	6,274	9,265	8,467	14,566
Statutory deposits	300,000	300,000	300,000	300,000	300,000
Total assets	**45,954,162**	**37,819,223**	**36,043,303**	**38,617,780**	**30,517,681**
Liabilities and equity					
Insurance contract liabilities	13,160,983	11,814,478	11,957,745	12,826,281	10,908,515
Trade payables	6,951,553	2,092,099	2,035,944	5,383,622	1,221,983
Other payables and accruals	1,493,142	1,653,323	1,473,465	725,825	628,569
Deferred income	325,955	277,348	382,167	442,480	383,049
Current income tax payable	836,792	878,769	898,023	847,743	720,642
Deferred tax liabilities	753,816	568,300	429,024	443,854	455,622
Total liabilities	**23,522,241**	**17,284,317**	**17,176,368**	**20,669,805**	**14,318,380**
Equity					
Share capital	7,000,000	7,000,000	3,500,000	3,500,000	3,500,000
Share premium	84,607	84,607	84,607	84,607	84,607
Statutory contingency reserve	10,000,000	9,394,735	8,447,097	7,677,566	6,743,668
Retained earnings	4,970,380	3,793,640	6,642,715	6,218,660	5,696,298
Fair value reserve	376,934	261,924	192,516	467,142	-
Available for sale reserve	-	-	-	-	174,728
Total equity	**22,431,921**	**20,534,906**	**18,866,935**	**17,947,975**	**16,199,301**
Total liabilities and equity	**45,954,162**	**37,819,223**	**36,043,303**	**38,617,780**	**30,517,681**

INCOME STATEMENT					
Gross premium written	34,437,522	31,587,929	25,651,020	23,811,985	20,064,233
Net premium income	10,426,320	9,214,365	7,377,618	7,571,024	7,341,916
Profit before income tax expense	5,022,684	4,255,453	3,440,531	4,669,492	5,035,234
Income tax expense	(580,679)	(578,367)	(461,240)	(844,736)	(582,858)
Profit for the year	4,442,005	3,677,086	2,979,291	3,824,756	4,452,376
Transfer to retained earnings	4,442,005	3,677,086	2,979,291	3,824,756	4,452,376
Basic earnings per share (kobo)	32	45	43	55	64
Diluted earnings per share (kobo)	32	45	43	55	64